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WORLD NEWS NUT lifts boycott of 16-plus exam

The 16-plus exam is to be introduced in the autumn as planned after the National Union of Teachers last night lifted its boycott of the project.

The union said it had won concessions from Education Secretary Kenneth Baker which included funds for giving the necessary training to teachers.

Change in contempt law agreed

The Government agreed to change the contempt law to give journalists the right to see documents read in open court.

Ridley in housing call

Britain's private rented housing market has expanded without allowing the "curse of Rachman" to reappear.

Wapping court move

News International is bringing fresh legal action against the print unions NGA and Sogat 52 in an attempt to curb picketing at its Wapping east London plant.

Militant expulsion

The Labour Party expelled Terry Harrison, co-founder of the Militant newspaper, in a further move against militant supporters.

Bristol house siege

Police surrounded a Bristol house, thought to contain an armed man, after four gunmen stole £5,000 in a bank raid.

Parachutist dies

RAF parachute instructor Flt Lt Michael Vaughan, 29, died when his parachute failed to open above Weston-on-the-Green, near Oxford.

Banes back island link

Danish politicians gave the go-ahead for an 18 km rail link between the islands of Funen and Zealand, on which Copenhagen stands.

Austria pledge on EEG

Austria's new Chancellor, Dr Franz Vranitzky, said he would seek closer links with the EEG.

25 Tamils killed

Twenty-six Tamils died when a government helicopter strafed trucks in a sweep of rebel strongholds in north-west Sri Lanka.

Drugs dealer sought

Thames Valley police investigating the death of minister's daughter Olivia Channon at Oxford University were hunting a London drugs dealer thought to have supplied heroin to undergraduates.

Big increase in addicts

The World Health Organisation said there were an estimated 730,000 heroin addicts and 4.5m cocaine users worldwide, after a sharp rise in drug abuse.

£4.5m jails damage

Pits at 22 jails during the recent prison warders' dispute caused damage costing nearly £4.5m, the Home Office said.

Scotland out of Cup

Scotland went out of the World Cup when they drew with Uruguay. Denmark beat West Germany.

BUSINESS SUMMARY Ford, VW in production link talks

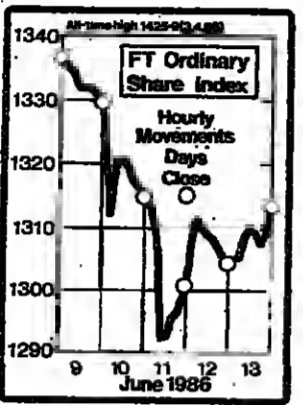
FORD and Volkswagen have opened talks on combining some of their production operations in Brazil and Argentina.

A statement from Ford said co-operation between the two "could involve better utilisation of existing facilities and resources."

Both companies intended to maintain their separate identities. Back Page

LONDON stock market closed on a brighter note than seemed possible earlier in the week.

The FT Ordinary Share Index closed 9.8 up on the day at 1313.7, but 23.2 lower on the week. Page 13



Stock Conversion was placed on the market. The FT Ordinary Share Index closed 9.8 up on the day at 1313.7, but 23.2 lower on the week.

RYZ subsidiaries Capper Pass & Son and Carnon Consolidated have issued a £10m breach of contract writ against two London Metal Exchange members.

O'BRIEN RULES: Plans to end restrictions on ownership links between banks and foreign exchange or money brokers are to be shelved. Page 4

BUILDING SOCIETIES' net receipts from savers fell in May to £500m, the lowest monthly figure since last June.

WORLD BANK has appealed to developed countries to boost India's development programmes by increasing the financial aid they provide on terms below commercial rates.

ITALIAN PARLIAMENT approved a bill aimed at speeding up the transfer of shares on the Milan stock market.

SPAIN approved measures lifting most of the remaining restrictions on foreign investment.

CHINESE AUDITORS have uncovered financial violations ranging from tax evasion to overspending on capital projects worth more than \$211m (£138.41m) in the first three months of this year.

LONRHO'S 35 per cent stake in the Today newspaper was cleared by the Trade and Industry Department.

PAY settlements are beginning to fall in the wake of rapidly declining inflation, but there are still few deals below 5 per cent.

US BANKER Wallace Clegg Kemper, president of London-based European Overseas Bank (West Indies) was remanded in custody.

CARGO SHIP the MV Ashington sailed out of Southampton with a computer-controlled sail sold by Walker Wingsail Systems for £100,000.

INTERNATIONAL Signal & Control, US-based defence, electronics and communications company, is raising £70.5m in a one-for-four rights issue.

MARKETS table with columns for DOLLAR, LONDON, NORTHERN SEA OIL, STOCK INDICES, and GOLD.

STERLING and LONDON MONEY table with columns for New York lunchtime, LONDON MONEY, and STOCK INDICES.

Tutu attacks S Africa emergency after meeting with Botha

BY PATTI WALDMER IN CAPE TOWN AND ANTHONY ROBINSON IN JOHANNESBURG

PRESIDENT P. W. Botha yesterday met Bishop Desmond Tutu, one of South Africa's most influential black leaders, after years of repeatedly refusing requests by the churchman for talks about a peaceful solution to the country's racial problems.

It was the first meeting between them for six years, and came a day after the Government's adoption of sweeping powers.

Bishop Tutu, Nobel Peace Prize laureate and Archbishop-elect of Cape Town, said afterwards at a press conference that the emergency powers would make unrest in the country worse.

He said Mr Botha appeared certain his Government could "contain the situation militarily" and that he appeared to be a man who was "on top of his job".

South African financial markets were hit by uncertainty over the political situation. Interest rates fell steadily and long-term gilt yields dropped 20 points.

Ordinary shares headed lower, as did gold shares, reflecting concern that tighter foreign exchange controls would lead to a decline in rand-denominated gold revenues.

The financial rand held steady but the Reserve Bank intervened to prop up the commercial rand, although this intervention could be restricted by a temporary dollar shortage following heavy oil purchases earlier in the year. Page 3

President Ronald Reagan of the US yesterday appealed to the South African Government and its black opponents to exercise maximum restraint in the days before the tenth anniversary on Monday of the Soweto uprising.

Later he told a White House press lunch that the continuing violent clashes in South Africa constituted outright civil war.

Mr George Shultz, US Secretary of State, condemned the state of emergency as part of South Africa's "unravelling tragedy," but said Washington remained opposed to sanctions that would diminish US influence on events.

Mr Shultz told a press conference beamed to European capitals that the US was committed to supporting change that would lead to an end to apartheid "not through massive violence but through negotiation."

The draconian measures announced on Thursday, which go beyond the scope of the special powers adopted during

the eight-month state of emergency lifted in March this year, were criticised in the White House of Assembly in Cape Town.

Mr Colin Eglin, leader of the official opposition, the Progressive Federal Party, said South Africa was now a "police state."

The regulations were "the most severe clampdown on civil liberties and the most far-reaching denial of freedom of speech and assembly since the press in the history of South Africa," he said.

The English-language newspapers were almost unanimous in their condemnation. Two of them became the first casualties of the press restrictions introduced under the emergency.

Copies of the Liberal Weekly Mail and the Johannesburg Daily The Sowetan, which has a largely black readership, were seized on government orders.

Employees of The Sowetan said they believed this was because of an editorial calling for the Government's resignation and the publication—now an offence—of a list of some of the estimated 1,000 people detained since midnight on Wednesday.

The Weekly Mail published a picture of security policemen on its front page, in contravention of the regulations.

Mr Dave Stewart, director of the Government Bureau of Information, said: "I want to tell you this: We are not kidding. We are serious about this."

Mr Terry Walte, the Archbishop of Canterbury's special envoy, was yesterday refused admission to South Africa until Tuesday, the day after the Soweto anniversary.

Worldwide reaction and legal questions about sanctions: Page 3; Home truths, Page 9; Feature Weekend, Page 1; Mining, Page VIII.

UK inflation at lowest level for 18 years

BY GEORGE GRAHAM

INFLATION in the UK fell last month to its lowest level since 1968. Another drop is expected in June although the rate may subsequently start to edge up.

The annual rate of inflation fell to 2.8 per cent in May, compared with 3 per cent the previous month and 7 per cent a year earlier, the Employment Department said yesterday.

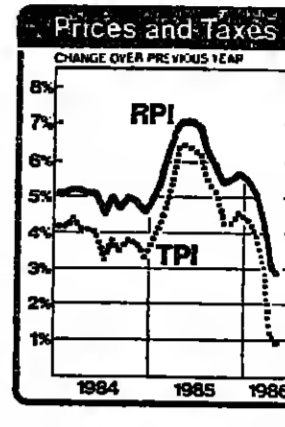
Officials said there had been a significant shift to a lower underlying rate, even though the pace recorded by the Retail Price Index had been greatly improved by cuts in mortgage rates and by the sharp drop in petrol prices in the wake of the oil price collapse.

With mortgage rates excluded—other countries do not include them in their consumer price indices—the rate of inflation fell to 3.1 per cent in May, compared with 3.4 per cent the previous month.

The Tax and Price Index, which measures the increase needed in an employee's taxable income to compensate for rising prices, showed a still lower rate of increase. Its rate of rise fell to 0.9 per cent, reflecting this year's cut in income tax.

This month, price rises are expected for fresh vegetables, lamb, cheese and butter, and slight increases seem likely in electricity and gas costs.

The cut in home mortgage rates which took effect on June 1, however, will knock nearly 1 percentage point off the RPI's annual rate of increase. This should be enough to offset the



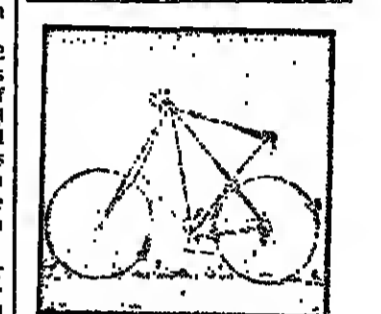
WEEKEND FT



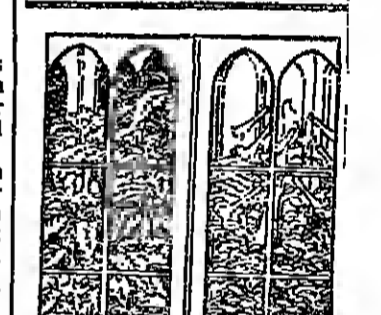
SOWETO Monday is the 10th anniversary of the black revolt that shook South Africa. Could there be another?



SHOPPING Britain is lagging behind in the electronic shopping stakes although the rest of the world is racing ahead.



BICYCLES With summer nearly here, it's bicycle time. And there are some nifty new models to be had.



HOMES Conservatories used to be mainly for plants. But that has before the home extension experts moved in.

Thatcher defends stance on economic sanctions

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE Prime Minister last night said she would not be pushed into decisions on economic sanctions against South Africa which might not work and which could increase violence and poverty.

In a spirited defence of her stance on sanctions, Mrs Thatcher emphasised that she wanted urgent, effective measures to end apartheid.

Her principal objective was to achieve peaceful negotiations between the black community and the Government in South Africa, she said on Channel 4 News.

Mrs Thatcher acknowledged the call by the Eminent Persons Group for effective measures, but said it was pointless imposing sanctions if they did not work.

of disapproval, that is not seeking your objective, that is not helping South Africa.

She said there could be no effective sanctions against South Africa unless they were imposed by the entire western, industrialised world and other nations.

The implications of sanctions for other nations were a major consideration. Many countries which would not be hit economically could propose sanctions, while others could take advantage of a trade embargo by filling the gap.

Mr John Kinnock, leader of the Labour Party, said yesterday on BBC television that Mrs Thatcher's position would begin to move significantly when the Commonwealth conference in August came closer.

The alternative to sanctions was "hobdy chaos that could kill millions," he said.

A knighthood for MacGregor

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

AN UNUSUALLY large number of knights for British industrialists, reflecting Industry Year, the American philanthropist.

One of the most controversial knights goes to Mr Ian MacGregor, 73, the chairman of the National Coal Board and former chairman of the British Steel Corporation.

The Queen has approved an honorary knighthood for Mr Paul Getty, the American philanthropist.

CONTENTS table listing various news items and their page numbers.

CONTINENTAL SELLING PRICES: Australia Sel 30; Belgium Bfr 45; Denmark Dkr 8; France Fmk 2.35; Germany DM 2.35; Italy Lit 200; Netherlands F 2.75; Norway Nkr 1.20; Portugal Esc 90; Spain Pta 125; Sweden Skr 7.00; Switzerland Fr 2.50.

MONEY MATTERS FIRST ON TV-am advertisement with large stylized text and promotional information.

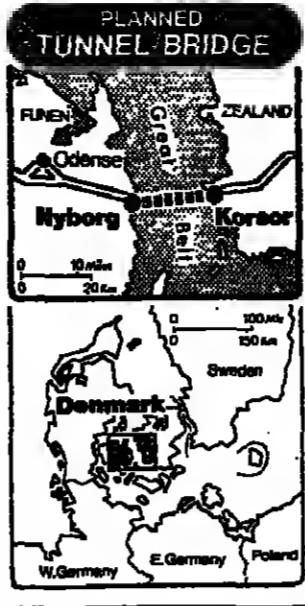
Danes give go-ahead to 11-mile island link

BY OUR COPENHAGEN CORRESPONDENT

DANISH government and opposition politicians yesterday gave a final go-ahead to one of northern Europe's biggest traffic projects which will link Denmark's two largest islands—Zealand, along Copenhagen and Fünen at the mouth of the Baltic Sea. Similar in magnitude to the Channel tunnel project between England and France, the spanning of the 11-mile-wide Great Belt, the seaway between Denmark's two most important islands, has been the subject of discussion for 130 years. According to yesterday's agreement work is to start in 1987 on a state-financed rail-tunnel linking the port of Korsør, West Zealand, to the middle-belt outcrop of Spørgø, which is in turn to be connected to

the town of Nyborg on Funen by a rail bridge. **Second phase** The project is to be completed by 1992 and is to be supplemented by a similar second phase which will comprise a parallel rail bridge and/or tunnel over the same route for motor vehicles, due for completion by 1996. The total cost of both projects is put at Dkr 12bn (£1bn). Car and rail ferry services now ply the Great Belt 60 times a day in each direction and the crossing takes at least one hour. In all 10m passengers and 1.5m vehicles traverse the straits annually. The initial tunnel and bridge rail link is to be for non-car carrying passenger/freight

trains. Ferry services will continue until the final road link is completed. The project is expected to provide employment for 3,800 workers. Long term forecasts estimate that 2,000 jobs will be permanently lost when the present ferry services finally cease to run after 1986. While industry in Denmark is enthusiastic about the scheme, local people on both sides of the Belt are worried about its consequences. A nationwide Anti-Great Belt Bridge Committee, openly supported by the local town councils of Nyborg, and Korsør, has been set up to combat the project and the latest opinion poll shows 45 per cent of Danes opposed and 44 per cent in favour. The political agreement which is ensured a parliamentary majority paves the way for planning a network of international links in the Danish-Swedish-German corner of the Baltic. These are a railway tunnel under the narrows of the Baltic Sound between Elsinore (Zealand) and Helsingborg in south Sweden, as well as the construction of a tunnel or bridge between the Danish capital and Malmö, Sweden's third largest city.



Austrian Chancellor presents his new Government

BY PATRICK BLUM IN VIENNA

DR FRANZ VRANITZKY, the Austrian Chancellor, presented his new Government yesterday saying he would seek closer links with the European Economic Community and pledging "decisive government" from his administration. He also pledged to maintain the coalition with the small right wing Freedom Party until the next general election due by April 1987. The Freedom Party is facing a crisis following attacks within the party against Dr Norbert Steger, its leader and the Vice-Chancellor, who is expected to press Dr Vranitzky for concessions in exchange for his party's continued support. The reshuffle was precipitated by the resignation of Dr Fred Sinowatz as Chancellor on Monday and the subsequent resignation of several senior ministers in the wake of the Socialist's disastrous performance in last Sunday's Presidential election. Dr Vranitzky, a former banker and until now Finance Minister, was appointed to replace Dr Sinowatz. He will officially begin his work as Chancellor on Monday. The move is a last-ditch effort by the Socialist Party to refurbish the Government's image and to regain some ground lost to the Conservative People's Party and the "Greens" before the general elections.

The most surprising move is that of Mr Ferdinand Lacina, until now Minister for Transport and the Nationalised Industries, who becomes Finance Minister. Mr Lacina had previously indicated that he wanted to leave government but he was persuaded to stay on partly by the trade unions which regard him as an ally in a Cabinet that sees a further strengthening of the pragmatic and moderate Right. The Government will press ahead with tax reforms and with the further consolidation of the budget with spending cuts up to 25 per cent. Dr Rudolf Streicher, recently appointed to head Styria-Daimler-Puch, the vehicles and weapons group, becomes Minister for the Nationalised Industries. Dr Streicher had previously been considered for the job of chief executive at Voest-Alpine, the state-owned steel and engineering group, after the group's spectacular losses last year. That appointment was blocked by the trade unions which regard him as too uncompromising. He will be preparing plans for streamlining the nationalised industries and making them more efficient.

The new Foreign Minister is Mr Peter Jankowitsch, 53, an ambitious diplomat and Socialist Party functionary. He was Austria's Ambassador at the United Nations from 1972 to 1978, and until now the party's International Secretary. Dr Erich Schmidl is promoted from Secretary of State for Trade to Agriculture Minister. His former job goes to Dr Johann Bauer, a specialist dealing with planning policies.

Abandoning of Salt dismays US legislators

By Reginald Dale, US Editor in Washington

GROWING DISMAY over President Ronald Reagan's abandonment of the SALT 2 arms control treaty has surfaced in the Democrat-controlled House of Representatives, which is expected to call on him to stay within treaty limits in a vote that could come next week. The House Foreign Affairs Committee voted 29-11 for a non-binding resolution that would demand continued US compliance with the 1979 treaty, one of the presidential restraints on the superpower nuclear arms race. The vote was mostly on party lines, with the Democrats in the majority.

Some arms control advocates would like Congress to go much further and adopt legislation formally requiring Mr Reagan to stay within the treaty limits. Administration officials concede that Congress would theoretically be within its rights to do so, although such legislation would only apply to the treaty's numerical limits on arms levels, not its more general restraints on behaviour. Any such legislation, however, would have to be passed by both the House and the Republican Senate, and even if that were to happen, Mr Reagan would almost certainly veto it. His veto could only be overridden by two-thirds majorities in both houses, an unlikely prospect in present circumstances. The House has Mr Reagan's resolution, which Mr Reagan is free to disregard, called on him to continue to adhere to the treaty's numerical limits so long as the Soviet Union did likewise. "Constraints on the growth of Soviet nuclear forces, especially those involving numerical limits, imposed by the Salt arms control agreements serve vital United States, national security interests, especially in this time of fiscal austerity," the resolution said.

World Bank urges boost in aid to India

BY JOHN ELLIOTT IN NEW DELHI

THE WORLD Bank has appealed to developed countries to boost India's development programmes by increasing the amount of financial aid which they provide on concessional terms below usual commercial rates. This appeal, contained in the World Bank's annual report on India, is primarily aimed at the US which wants India to borrow more at commercial rates. It will be considered by the countries when they meet in Paris on Monday at an aid consortium meeting organised by the bank to fix their assistance commitments for the coming year. The report, now circulating privately with the countries involved, warns that India's foreign commercial borrowings might have to rise to \$6.1bn (£4bn) a year by 1990, unless concessional aid increases and the country's sluggish export performance improves substantially. In its report on India a year ago, the World Bank put the possible figure at \$5.2bn. India expects that the consortium will approve an increase of about 23 per cent on the total of \$4bn aid pledged at a similar meeting a year ago, for 1985-86. This will include a substantial increase of almost 25 per cent in commitments from

Japan whose aid is expected to go up from ¥38.2bn (£117m) to ¥50bn to cover its support for projects such as a cross-country gas pipeline, a fertiliser plant, port modernisation, and a telecommunications project. Some other countries' aid commitments will fall. These include the UK which will offer £108m, down from £115m, although an extra sum of at least \$8m will be provided separately under its special Aid for Trade provision. But the key issues at the Paris meeting will be India's plea, now strongly backed by the World Bank, for an overall increase in concessional lending.

This will be specially aimed at \$2bn provided by the World Bank itself, of which only about 25 per cent is now on concessional terms compared with 75 per cent three years ago. The US will be the primary target because it has stood out most strongly against India receiving most of its aid on concessional terms, arguing it can afford commercial rates. India's Finance Ministry believes it has now persuaded the World Bank that it needs concessional terms because two-thirds of its development expenditure goes on long-phased infrastructure projects such as electric power supply and coal mining.

Unions spurn Hawke call for austerity

MILITANT Australian trade unions rejected yesterday a call for austerity by the Labour Party government of Prime Minister Bob Hawke.

More than 12 left-wing unions, representing 800,000 workers, rejected an appeal by Mr Hawke to the nation on Wednesday asking for lower growth in labour costs. The unions called for a national conference to discuss their wages accord with the government. A further austerity measure, Mr Hawke yesterday proposed heavy cuts in borrowing by the country's six states and in federal funding for state projects. A former president of the Australian Council of Trade Unions (ACTU), Mr Hawke has promised tough measures to deal with an economy battered by deteriorating terms of trade, a high debt burden and a weakened currency. At a Sydney meeting, the militant unions, representing one-third of the total ACTU membership, demanded a special ACTU national conference to discuss the wages accord, which provides for central wage-fixing, and warned the Prime Minister against cutting planned pay increases. The unions warned the Government it would alienate its traditional supporters if it failed to meet its commitments to the wages accord. "We call on the Government in the strongest terms to abandon any reduction in workers' wages..." they said. But Mr Hawke said he would not shirk tough decisions, including trimming more than \$1.1bn (£500m) from state government funding. "I would hope that the firm and uncompromising position that we have taken today spells out to everybody that we mean what we say..." he said.

Japanese plant exports expected to fall sharply

JAPANESE exports of plant and associated equipment in the current fiscal year will drop sharply because the yen's rapid rise against the dollar has made Japanese offers less competitive, AP reports from Tokyo. The estimate was made after the Ministry of International Trade and Industry recently surveyed the country's nine major trading companies. Mr Hiroshi Kasa, of the ministry's International Trade Division said. Japan's plant exports for fiscal 1986, beginning in April, are expected to total \$7.8bn (£4.6bn)—down 27.4 per cent from the \$9.6bn worth of plant exports the year before.

marking the 15th consecutive monthly decline, the Bank of Japan said. May's decline followed a 1.4 per cent month-on-month drop in April. The overall index also fell 0.8 per cent from a year earlier, the largest drop since the central bank started compiling wholesale price statistics in 1960 under its current system. The previous record fall had been 0.9 per cent in April. The sharp drop in May was mainly based on the yen's appreciation against the dollar, the central bank said. The yen rate accounted for 5.5 percentage points of the total 9.8 per cent year-on-year drop and for 0.5 percentage points of the total 1.9 per cent month-on-month fall. The average value of the yen against the dollar rose to 166.87 in May from 175.60 in April and 251.59 a year earlier. Falls in crude oil prices and domestic petroleum product prices also contributed to the decline.

Chernobyl fallout likely to be cleared by year-end

THE SOVIET UNION plans to finish decontaminating areas hit by radioactive fallout from the Chernobyl nuclear reactor accident by the end of the year, Mr Boris Semynov, the Soviet Atomic Energy Commission deputy director, said yesterday. It was planned to reopen the first and second reactors at the Chernobyl station in October. The April 26 accident was at the fourth reactor. Mr Semynov is a member of the board of the International Atomic Energy Agency (IAEA), which is completing four days of talks expected to recommend increasing the IAEA's nuclear safety budget and its inspecting nuclear power plants. Decontamination efforts in the Chernobyl area were being concentrated on preventing radioactive dust on the surface from entering groundwater or rivers. "We hope to complete decontamination by the end of the year. But the degree of contamination differs even within the 19-mile evacuation zone around Chernobyl," he said.

Atomic Energy Agency (IAEA) that is completing four days of talks expected to recommend increasing the IAEA's nuclear safety budget and its inspecting nuclear power plants. Decontamination efforts in the Chernobyl area were being concentrated on preventing radioactive dust on the surface from entering groundwater or rivers. "We hope to complete decontamination by the end of the year. But the degree of contamination differs even within the 19-mile evacuation zone around Chernobyl," he said. The only sectors where limits are to be kept in place in accordance with the provisions of the Treaty of Rome, are gambling, defence, air transport, radio and television. However, the Government's planned law on private television, which now has to wait for the formation of a new parliament, allowed EEC companies to join the bidding for the proposed three new channels. Approval procedures for foreign investment, whether from within or from outside the Community, were eased last year ahead of Spanish EEC entry. The new code moves further in this direction, but reserves the right to "verify" certain kinds of investment.

UK pressed to lead EEC fight for greater airline competition

BY LYNTON MC LAIN

THE BRITISH Government yesterday was urged to use its forthcoming chairmanship of the European Council of Ministers to push through legislation to liberalise competition in the European air transport industry. The call was made by the EEC's Economic and Social Committee at a news conference in London. Mr John Kenna, a committee member, said "urgent action" was needed to "make the EEC air transport policy a reality". Proposed European air transport legislation should encourage innovation and allow "greater commercial freedom than now is possible". The legislation should also remove the present strict control on traffic sharing between airlines of the member states. The council has to consult the committee, which represents economic and social interest groups of member states, before reaching decisions. The recent judgment of the European Court that price fixing in European air transport contravened EEC competition policy, was a "powerful reminder to the council to take action," the committee said. "Lack of clear Community legislation in this field will only lead to endless litigation in the courts." The process, which governs tariff formulation on air fares must take due account of consumer interests and result in tariffs which are flexible, responsive to the market, allow airlines to innovate and are rapidly adaptable," the committee said in its report. Also, procedures for settling disputes between Governments should be speeded up. The committee noted "with satisfaction" that an EEC Commission memorandum did not propose US-style deregulation in air transport, but said that changes could be made to

Fraud in China exposed

By Our Peking Correspondent

CHINESE AUDITORS have uncovered financial violations, ranging from tax evasion to overpricing on capital projects, worth more than \$211m in the first three months of this year. Diplomats believe the actual amount of financial fiddling is far higher, as the State Audit Administration is seriously understaffed and inexperienced. Of the 2m companies open to inspection, only 3 per cent have been audited since the bureau opened three years ago. The Chinese Government, conscious of the image of its ambitious economic reform programme, launched a tough drive against economic crime last year, and promised that serious offenders were liable to be executed. An audit administration official told the China Daily that a particular problem has been Chinese enterprises' attempts to get round tight controls on capital projects by falsifying applications for project funding. In the first quarter of this year, investigators discovered that more than \$50m was collected illegally to spend on capital construction. Tax evasion violations involving about \$50m were also uncovered. Between September 1983 and the end of last year, the State Audit Administration has discovered cases of fraud, waste and tax evasion involving about \$2.8bn. It claims that the amount of violations found in the first three months of this year is about \$25m below that of the same period last year. Meanwhile, two officials from a Peking cold storage plant were given prison sentences yesterday for being responsible for the ruin of 700 tonnes of vegetables worth about \$280,000.

Chinese army in air venture

BY ROBERT THOMSON IN PEKING

THE COMMANDERING of military resources for civilian use in China's modernisation programme has taken a new turn with the announcement that the People's Liberation Army (PLA) will help the Central Military Commission, headed by Deng Xiaoping, the paramount Chinese leader. Hong Wenkui, deputy general director of United China, was reported in the China Daily as saying the new airline, which is yet to be named, will fly routes from Peking to several of China's major tourist spots, including Shanghai, Lhasa and Guilin. A military airport in the Chinese capital's southern suburbs will apparently be used as the airline's headquarters and special charter flights, and has about 60 aircraft serving nine routes. The new military move formalises the PLA's involvement in civilian transport and has been approved by the Central Military Commission, headed by Deng Xiaoping, the paramount Chinese leader. The fleet is likely to include Soviet-built Ilyushin-18s, Tupolev-154s, and British-made Tridents and Viscounts. Ground services, in-flight meals, and maintenance will be provided by the air force. Whether the airline actually competes with the flag carrier, the Civil Aviation Administration of China (CAAC), remains to be seen.

Economic crime

United China's ticketing and other facilities will be absorbed by the new service. No starting date has been given for the venture. Hong is reported to have said it would get off the ground "in the near future," though he was vague on how large the fleet would be, and hoped there would be as many air force aircraft "as possible". The fleet is likely to include Soviet-built Ilyushin-18s, Tupolev-154s, and British-made Tridents and Viscounts. Ground services, in-flight meals, and maintenance will be provided by the air force. Whether the airline actually competes with the flag carrier, the Civil Aviation Administration of China (CAAC), remains to be seen.

Tax evasion

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Spanish Elections

of Spain — fulfilling the old ambition of Catalan nationalism not only to restore home rule in Catalonia but also to participate in the affairs of the state. Aiming at the middle-class vote, the PRD is fighting on reduced territory, Catalonia is left to Convergencia, Galicia to another associated party, and the Basque country to the solidly implanted — and dominant — Basque Nationalist Party (PNV). The latter is, however, keeping its distance from Mr Roca, waiting to see if his "operation" works. Mr Roca's aim is to build a new third party, possibly weaving the small Christian Democrat PDP Party away from the right after the elections, possibly wielding a big stick in parliament if the Socialists are severely cut back. The question is whether he can convince his Castilian-speaking voters. Curiously, Mr Roca himself, though proclaimed as the PRD's candidate for Prime Minister, is not standing for the PRD, but is unwilling to forsake his own electorate, is standing again for Convergencia in Barcelona. Somewhat cold in appearance,

pathy than Mr Suarez, and his campaign has sparked off some anti-Catalan sentiment. Up to now, Convergencia has won in regional elections but the Socialists have held Catalonia in general elections. Convergencia's projection as a nationwide party could help to bring more people in Catalonia to vote for it in a national contest. Certainly, on its home ground, the party is confident of scoring a significant gain. A Financial Times Survey

Perhaps the bravest man I ever knew...

and now, he cannot bear to turn a corner

Stratford Sergeant (T) G. The DCM, was perhaps the bravest man his Colonel ever knew. But now, after being in the line, after being badly wounded and awarded the Member of the British Empire, Sergeant 'T' cannot bear to turn a corner. For fear of what is on the other side. It is the bravest men and women from the Services that suffer most from mental breakdown. For they have tried, each one of them, to give more, much more, than they could in the service of our Country. We look after these brave men and women. We help them at home, and in hospital. We run our own Convalescent Homes and, for those who are homeless and cannot look after themselves in the community, our Homes give permanent accommodation. For others there is our Veterans' Homes where they can see out their days in peace. These men and women have given their lives to their Country. If we are to help them, we must have funds. Do please help us with a donation, and with a legacy too, perhaps. The debt is owed by all of us. "They've given more than they could—please give as much as you can."

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The return of a former premier has turned him into a major talking-point, David White reports

Rivals give Spanish centre its own left-right fight

TWO MEN are competing to create a space for themselves in the centre ground of Spanish national politics in the elections a week on Sunday. One is a returnee from the recent past, the other the promoter of a party running for the first time in a general election. Many who support a centrist alternative have long wondered why the two have never got together. But Mr Adolfo Suarez and Mr Miquel Roca have little in common. They are giving the Centre its own left-right battle. Mr Suarez is staging his comeback after virtually disappearing from public view. The first democratic Prime Minister of the post-Franco period, he resigned in 1981 and later formed his own party, the Democratic and Social Centre (CDS), as a breakaway from the Union of the Democratic Centre (UCD). In the 1982 election, his new party won only two seats. The UCD which had ruled since 1977, took only 11 and vanished from the political map, its members scattering in all directions from the Right to the Socialists. The first bid for a Suarez re-

Galicia last year, was a failure, but his political career has made more of an impact and turned him into one of the main talking points of the election. Posters show a big smile, a fine set of teeth, and the familiar chin which, as one commentator said, would do well for an after-shave advertisement. At 53, Mr Suarez has undoubted charisma and populist talent. Never easy to classify ideologically—he made his initial career in the Movimiento, the Franco regime's official party machine, but then became the symbol of defiance to the army and other conservative forces—Mr Suarez has been manoeuvring on some issues to the left of the ruling Socialist party. Strongly anti-American, he has for instance taken a tougher line than the Government on cutting US bases in Spain now that the country has committed itself to Nato. Feeling the thorn in his flesh, the Socialists have turned their attack on him. A large part of Mr Suarez's potential support comes from disillusioned Socialist voters,



Suarez: come-back

image, linked to the heady early days of the transition. His party followers never fail to point out that he beat Mr Felipe Gonzalez, the present Prime Minister, in two general elections. His problem is that the CDS is not much of a party apart from him, and is handicapped by a serious shortage of funds. By contrast, Mr Roca is well-backed by sectors of business

of Spain — fulfilling the old ambition of Catalan nationalism not only to restore home rule in Catalonia but also to participate in the affairs of the state. Aiming at the middle-class vote, the PRD is fighting on reduced territory, Catalonia is left to Convergencia, Galicia to another associated party, and the Basque country to the solidly implanted — and dominant — Basque Nationalist Party (PNV). The latter is, however, keeping its distance from Mr Roca, waiting to see if his "operation" works. Mr Roca's aim is to build a new third party, possibly weaving the small Christian Democrat PDP Party away from the right after the elections, possibly wielding a big stick in parliament if the Socialists are severely cut back. The question is whether he can convince his Castilian-speaking voters. Curiously, Mr Roca himself, though proclaimed as the PRD's candidate for Prime Minister, is not standing for the PRD, but is unwilling to forsake his own electorate, is standing again for Convergencia in Barcelona. Somewhat cold in appearance,

Financial Times Survey EAST ANGLIA TUESDAY JULY 7 1986

For further information, please contact: Colin Davies on 01-248 8000 ext 2240 or write to him at: 10 Chancery Street, London EC4A 3DF.

FINANCIAL TIMES Europe's Business Newspaper

Handwritten signature: John A. [unclear]

Reagan appeals for maximum restraint in South Africa

BY OUR FOREIGN STAFF

PRESIDENT Ronald Reagan yesterday appealed directly to the South African government and its black opponents to exercise maximum restraint in the days before the anniversary of the Soweto uprising.

In a written statement, Mr Reagan urged all South Africans to "consider again the stark consequences" before resorting to violence.

Mr George Shultz, the US Secretary of State, condemned the state of emergency as part of South Africa's "unravelling tragedy" but said Washington remained opposed to sanctions that would diminish US influence on events.

Mr Shultz told a press conference beamed to European capitals that the US was committed to supporting change that would lead to an end to apartheid "not through massive violence, but through negotiation."

EEC Foreign Ministers are due to discuss sanctions at a meeting in Luxembourg on Monday.

The 12 nations are reported to be deeply divided over the issue, with Britain and West Germany continuing to resist calls for economic measures and the new right-wing Government in France showing scepticism over the effectiveness of sanctions.

Smaller countries, particularly Denmark and Ireland, which have taken measures of their own, are pressing for joint measures, while the Netherlands, current president of the EEC Council, is under pressure to seize the initiative.

The Dutch, who managed to persuade their EEC partners

to close their embassies on Monday — the 10th anniversary of the Soweto riots — have been accused of weak leadership during their EEC chairmanship. They may see action on South Africa as a last chance to make their mark before giving up the EEC presidency to Britain on July 1.

The Hague is also facing mounting domestic pressure for tougher action, with anti-apartheid groups planning a march on the South African embassy tomorrow.

The European Commission condemned the state of emergency and said that the South African Government seemed to be walking into catastrophe with its eyes open.

Commissioner Karl-Heinz Narjes told the European Parliament that increasingly severe economic sanctions appeared the only way to bring Pretoria to its senses.

The Soviet news agency Tass said that the emergency measures showed the agony of a doomed regime. It criticised the US for reluctance to impose sanctions.

Australia announced that it would join the EEC nations in closing its embassy in South Africa on Monday in protest at recent events.

In Addis Ababa, the Organisation of African Unity (OAU) called on its member-states to give military support to South African blacks against the government.

The 50-member organisation said that the state of emergency showed the authorities could no longer contain the situation.

Call to reconsider boycott

By William Duffice in Geneva

THE US, Britain and West Germany were urged yesterday to reconsider their boycott of a conference on sanctions against South Africa to be held in Paris next week.

The three governments should at least send observers, Mr Joseph Garba of Nigeria, chairman of the United Nations special committee against apartheid which is organising the conference, said in Geneva.

After the latest developments in South Africa, Mr Garba said, the special committee placed great hopes on the conference which will be opened on Monday by Mr Javier Perez de Cuellar, UN Secretary-General.

The five-day meeting will try to "articulate a new strategy on sanctions" in the light of assertions that they would not work. Mr Garba said. Scepticism about sanctions has been voiced most strongly by the US and Britain.

By their votes in the security council, these two countries have prevented the imposition of mandatory sanctions against South Africa under the UN charter. They and West Germany also voted against the General Assembly resolution authorising the special committee to organise the Paris conference.

LENIN, in one of his immortal slogans once described the role of the media as that of "agitator, organiser and propagandist" — in support of the views and aims of the ruling party. It is a view not far removed from that of the Afrikaner rulers of South Africa who, long before this week's imposition of even more draconian restrictions, have subjected the local and foreign media to some of the most comprehensive limitations anywhere in the world.

Under the circumstances it is a miracle of sorts that South Africa, until this week at least, could still claim what is probably the freest press in Africa — with the exception of the state-run radio and TV corporation whose news programmes in particular are as objective and unbiased as those of its Soviet counterpart.

This is partly because of the never-ending struggle of newspaper editors and reporters to preserve what they can of press freedom. But it is also partly because the legislation affecting the press is so comprehensively worded that its application without continuous horse-trading with the various bureaucracies as to what is permissible would make it impossible to produce papers or programmes people would buy.

In normal times, the newspapers carry many items which, on strict application of the law, would land their editors in jail or subject to heavy fines.

Editors so far have learnt to live with the law, on a day-to-day basis bending the rules as far as they can. Paradoxically since the demise of the Rand Daily Mail — which collapsed mainly because of bad management a year ago — the press in particular has become more outspoken and more lively, with the publication, for example, of the weekly mail and the New Nation — both of whose offices

points are in "normal" times the laws are often honored more in the breach than the observance. Eight months ago Mr Anthony Heard, editor of the Cape Times, interviewed Mr Oliver Tambo, leader of the African National Congress (ANC) in London and published a 3,000-word interview in defiance of the section of the internal security acts which forbid quotation of a banned person.

Security police came round to interview him the next day and the legal battle is continuing. He risks a three-year jail sentence. In explaining his decision to publish and be damned, Mr Heard said: "It is absurd. Everybody has seen him, but no one in South Africa is allowed to know what he says.

Ironically, while the Press is forbidden to publish the views of the ANC and its leaders, Mr Tambo's words, and other ANC publications, are frequently quoted by President P. W. Botha and in government anti-ANC propaganda publications.

When the Government introduced extensive curbs on media coverage of unrest last November, it said that this was because the presence of media, especially foreign television

rewards had acted as a catalyst to violence. It gave no proof of this assertion, which was contradicted in practice by an actual increase in violence following imposition of the ban.

The latest media restrictions published in an extraordinary edition of the official gazette are even more draconian and all-embracing than those imposed last November.

Throughout the earlier state of emergency all the names of those detained were published and the police maintained a twice daily unrest report which provided a skeletal account of violence and anti-Government demonstrations around the country. So far, no permission has been granted by the police to publish the names of those detained under the current emergency and the official unrest report is now the responsibility of the recently formed Ministry of Information—the bureaucracy of official truth.

Not only do the new regulations impose a blanket ban on all coverage of all forms of unrest—including strikes, boycotts and demonstrations, they also prohibit the reporting of any "subversive statement."

The gazette then proceeds to devote columns to what constitutes a subversive statement. The list includes "anything that is calculated to have the effect of:

- Promoting any object of any organisation which has under any law, been declared to be

an unlawful organisation.

- Inciting the public or any person to take part in any unlawful strike, boycott, unlawful demonstration, gathering or protest procession, take part in any act of civil disobedience or to discredit or undermine the system of compulsory military service.

Included in the long list of prohibitions are statements encouraging or promoting dissent or the application of sanctions, those engendering or aggravating feelings of hostility and those weakening or undermining the confidence of the public, and so on.

The regulations also provide for the seizure of any publication which carries any such statement and the closure of any newspaper or magazine which publishes any such statement. All these powers furthermore are in the hands of the various security forces with no redress in the courts.

In effect the security force and the Government now have the powers to prevent South Africans and the world from knowing anything about South Africa other than that which the authorities deem permissible.

The manner in which the make use of these all-embracing powers and restrictions remain to be seen.

South Africa, the most advanced and sophisticated industrial society on the continent is being forced back to the bush telegraph for reliable news.

South Africa, the most advanced and sophisticated industrial society on the continent is being forced back to the bush telegraph for its reliable news.

have been raided in the last two days. Yesterday police confiscated the latest edition of the Weekly Mail and the Sowetan newspaper.

The main laws affecting the press include the defence and police acts, the national key points act and the internal security laws. Nothing can be published legally about the army and police without prior clearance and confirmation.

It has long been against the law to write about strategic areas like oil imports, uranium or the arms industry or to quote banned or listed persons under the security laws. The national key points law prohibits media coverage of "national key points" — that is to say strategic installations of all kinds. But the law does not even stipulate what the key

State of emergency leads to market uncertainty

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN stock, money and foreign exchange markets struggled yesterday to decide on the likely outcome of the nationwide state of emergency. That uncertainty was most apparent in money markets where interest rates fell steadily from the precautionary levels reached on Thursday afternoon.

Long-term gilt yields dropped 20 points from Thursday's 17.75 per cent close, with money market operators arguing that South Africa's drift towards a siege economy would lead to early domestic stimulus involving further interest rate cuts orchestrated by the reserve bank.

Nevertheless, while gilt prices were rising, ordinary shares headed lower. Gold shares slipped, more on worries that tighter foreign exchange controls would lead to a strengthening of the rand and a corresponding decline in rand-denominated gold revenues than on reduced foreign interest in gold shares.

The financial rand, which measures non-residents' willingness to invest in South African shares, held steady throughout the day at \$2.217 after the all-time low of \$0.198 touched briefly on Thursday.

According to one broker, yesterday's steadiness was principally because foreign buyers stayed well away from the market. Another contradicted him,

however, and said that there was heavy foreign demand for gold shares yielding 25 per cent or more.

The commercial rand was propped up by reserve bank intervention, though that has been limited by temporary shortages of dollars in the wake of heavy oil purchases earlier this year and the heavy demand for foreign currency for debt repayments and mid-year dividend remittances abroad.

An emergency meeting at the reserve bank on Thursday concluded that with only about \$200m in official foreign exchange reserves, the reserve bank's ability to intervene in support of the rand was limited.

The reserve bank's ability to support the rand is most likely to improve over the next few months, most dealers and brokers believe. But they fear that it could well involve tighter controls over the country's foreign exchange transactions. All foreign exchange earned by the gold mining industry has to be channelled through the reserve bank and brokers believe that this could be extended to the foreign earnings from other important export commodities such as coal and platinum.

If sanctions are imposed on South Africa, dealers warn, the authorities here could well retaliate by putting a freeze on dividend remittances abroad.

Legal questions raised by possible UK sanctions

BY A LEGAL CORRESPONDENT

THE POSSIBILITY of British Government sanctions against South Africa raises a number of legal questions.

How could the Government give effect to its decision? What would be the effect on consumer and business contracts?

Could compensation be claimed from the Government by those in the UK or abroad suffering from the consequences?

And could any such measures be attacked under international law?

The first question does not present any great difficulty. The Government has the necessary powers to regulate imports and exports under the Foreign Exchange Act 1947 as in the case of Rhodesian sanctions. A simple order laid before Parliament would do.

Transport and aviation seem to be outside these powers. A number of ways of stopping direct flights to South Africa seem open—a short bill activating the Trading with the Enemy Act or possibly an order in council resting on the prerogative powers of the sovereign.

Such a move could be opposed in parliament by a motion of no confidence.

A more practical question concerns the fate of private contracts, whether between businessmen or between businessmen and consumers.

For example, what would be the position of passengers booked on a cancelled flight? Most contracts, probably all which are likely to be affected by sanctions, have a *force majeure* clause relieving the parties of liability if they cannot do what they promised because of "war of God or Princess," war or civil commotion.

Even without such a clause,

most courts in England and elsewhere would absolve a party to a contract if its performance became impossible. The courts would reject claims for damages on the ground that the contract had been frustrated.

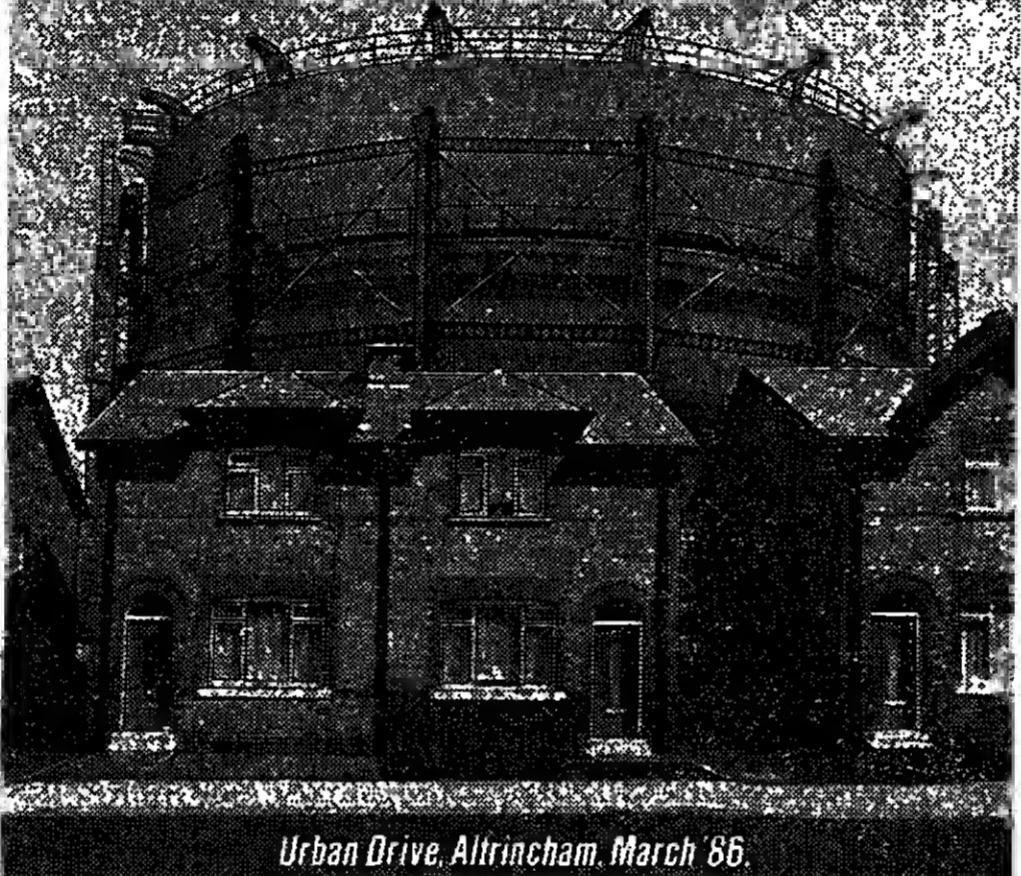
On the matter of compensation no English court, and hardly any other, would presume to interfere with governmental activities which are not of a commercial nature. This would apply even if such government orders cancelled contracts concluded by enterprises which it owned or controlled.

The most difficult question concerns the standing of sanctions in international law. United Nations resolutions do not provide an answer as they are mere recommendations which do not create international law. Cessation of trading may not be recognised as a hostile act and certainly not a warlike act.

On the other hand, it is difficult to claim that sanctions of this sort are not an interference in the domestic affairs of another country which are frowned upon by the international community.

No justification for such interference can be found in international custom. The repeated complaints of infringement of human rights and Communist and Latin American countries for example, have never given rise to sanctions.

The only place where South Africa could seek remedy if it felt harmed under an act contrary to international law would be the International Court of Justice in The Hague—and no state is bound to recognise its judgments.



Urban Drive, Altrincham, March '86.



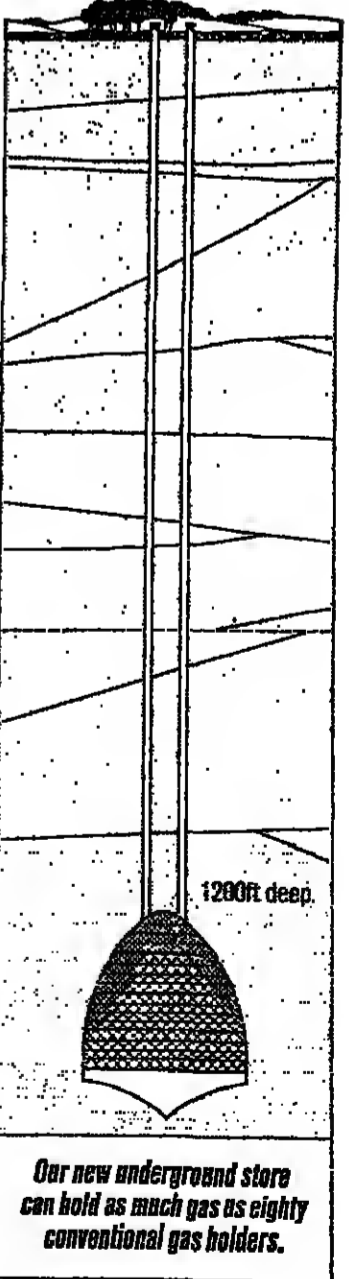
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UK NEWS

Curbs to stay on banks' links with money brokers

BY GEORGE GRAHAM

PLANS to end restrictions on ownership links between banks and foreign exchange or money brokers are expected to be shelved. The British Bankers Association told the Bank of England yesterday that its members wanted no change in the rules which prohibit shareholding links of 10 per cent or more between banks and brokers.

The so-called O'Brien rules came under attack from brokers earlier this year after they had led to the collapse of merger talks between Morgan Grenfell, a London merchant bank, and Exco International, a money broking group.

Although some leading banks had joined the brokers' campaign against the rules, the

association's soundings among its members revealed considerable indifference. The Bank of England, which is understood not to have been keen on changing the rules, is expected to allow the subject to drop.

A London clearing bank was believed to have been firmly opposed to any change in the O'Brien rules—named after Lord O'Brien, former Governor of the Bank of England—which have blocked a number of connections between banks and broking groups.

Most clearing and merchant banks felt that it was easier not to change the rules, although there appears to have been no great strength of feeling on the subject.

Mr Alan Orsich, chairman of the

Building society receipts fall in May

By Nick Bunker

BUILDING SOCIETIES' net receipts from savers fell in May to £500m, the lowest monthly figure since June 1985, according to the Building Societies Association.

However commitments for new mortgage lending set another monthly record at £3.7bn—up from £3.6bn in April and from only £2.4bn in May of last year. Gross advances to homebuyers hit a high of £3.15bn last month and the association expects a further rise in June.

Leading societies predicted a fortnight ago that net receipts from savers in May would be considerably lower than in April, when they totalled £756m, and March, when the figure was £857m.



Computer-controlled sail makes its maiden voyage

BY ANDREW FISHER, SHIPPING CORRESPONDENT

Mr John Walker (above), chairman of Walker Kingsmill Systems, was at Southampton yesterday to see off the MV Ashington, which is equipped with the first computer-controlled sail to be sold by his company.

The 7,000-ton Ashington, a small bulk carrier operated by Stephenson Clarke, part of the Powell Duffryn Group, should achieve fuel savings of more than 10 per cent of the 14-metre high sail of steel, light alloy and plastic which cost £100,000.

Yesterday, the company published a prospectus for a share issue.

Mrs Jean Walker, commercial director and Mr Walker's wife, went on a 13-day hunger strike in October 1984, after Prince, the Prudential Corporation's high technology investment arm, asked the couple to step down as directors as a condition of its underwriting a £500,000 rights issue.

They raised cash independently, with 340 investors putting in more than £1m.

Century-old broking firm to disappear

By Nick Bunker

R. NIVISON, the century-old London stockbroking firm, is to vanish during October's Big Bang stock market reforms as part of a move to create a small specialist servicing institutional clients.

Last June, R. Nivison and Bank Cantrade, of Switzerland, formed Nivison Cantrade, a joint venture company.

Nivison Cantrade's directors announced yesterday that their company would expand to include R. Nivison's £1bn UK fund management operation, its UK corporate finance activities and its eight-strong gilt team.

Mr Christopher Lyttelton, who is to be Nivison Cantrade's chief executive, said the arrangement "swam against the tide" of change in London's financial community because Nivison Cantrade would be controlled by management and staff rather than by an outside financial institution.

Chernobyl disaster boosts coal-pit plan

BY MAURICE SAMUELSON

PLANS TO build a £440m super-pit in the South Midlands are to be given higher priority by the coal industry in the belief that a major new coal-fired power station may be needed in the UK because of the widespread disarray over nuclear power.

The National Coal Board announced yesterday that Hawkhurst Moor, on the outskirts of Coventry, was the best place to start mining 165m tonnes of the 400m tonnes of recoverable reserves in the South Warwickshire area.

The board first announced its interest in developing the coal-field two years ago. Officials say that the case for doing so has been greatly strengthened by the Chernobyl disaster and the possibility that a decision on the Sizewell B pressurised water reactor nuclear plant may be deferred beyond the next election.

The electricity industry has acknowledged that a post-shipment of Sizewell, coupled with

the growing demand for electricity, may force it to increase coal-fired capacity in the early 1990s.

The NEC is now bracing itself for a heated debate with local people about tipping colliery spoil at the site.

If this was forbidden by local authorities the Board would probably remove the spoil to quarries and other landfill sites despite the higher cost. This arrangement was accepted at Daw Mill.

The Hawkhurst Moor site was chosen after a six-month study comparing it with another location in farmland between Coventry and Kenilworth. These were previously selected from a list of eight sites across a 5.5 square mile area published by the board to ensure maximum public consultation.

It did so hoping to avoid a repetition of the damaging confrontation with landowners over the Vale of Belvoir in North-east Leicestershire.

They are uncertain about the precise reasons for this spring's sharper reduction, of more than £250m. They blame most of it on competition from National Savings and announcements of cuts in their savers' rates from June 1.

The figures suggest that building societies have run down their liquidity ratios in order to maintain high levels of mortgage lending. Liquid assets fell from 17.6 per cent of assets at the end of April to 17.3 per cent a month later.

May's further surge in mortgage lending has coincided with a continuing boom in house prices. Association figures show a 14 per cent rise in average house prices in the 12 months ending May 30.

Militant expulsions continue

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE LABOUR Party's attempts to rid its ranks of Militant supporters continued yesterday with the expulsion of Mr Terry Harrison, a co-founder of the Militant newspaper, for membership of the Trotskyite organisation.

The decision followed the expulsion on Thursday of Mr Derek Hutton, the deputy leader of Liverpool City Council.

The party's national executive—much heartened by this week's victory against Mr Hutton in the High Court—met again at Labour headquarters in south London to hear the cases against Mr Harrison and Ms Felicity Dowling, the Liverpool District Labour Party secretary.

Ms Dowling asked for her hearing to be postponed, claiming she could not attend, but

the NEC, chaired by Mr Neil Kinnock, the Labour leader, decided to press on in her absence.

The NEC subsequently changed its mind and agreed to Ms Dowling's request once it became clear that the hearing against Mr Harrison, a Labour Party member for 23 years, was likely to occupy the entire day.

Mr Harrison, who was legally represented, faced charges of being a Militant member and of breaching party rules.

As he arrived, he warned that the expulsion of Liverpool Militants would not end the matter, adding: "I believe what has happened is a scandal. It is not a question of removing supporters of Militant but of attempting to destroy a tradition that exists in Liverpool."

The charge against Mr Harrison of breaching Labour

Party rules will be heard at a date to be fixed.

St Helen's North constituency Labour Party, Merseyside, yesterday lost its High Court challenge to its suspension by Labour's national executive pending inquiries by an investigation team.

Sir Nicholas Browne-Wilkinson, the Vice Chancellor, said there were indications of continuing irregularities.

"It seems wholly reasonable that suspension should remain until an annual general meeting has been called which can be controlled and monitored by national officers of the Labour Party," the judge said. If the NEC acted reasonably, the annual meeting could be called without delay, otherwise matters might continue until the autumn.

Smith pledges Labour aid to back new industries

BY DAVID GOODHART

THE ROLE of a new National Enterprise Board under a future Labour government would be to concentrate on backing new companies in new industries rather than propping up the old ones, according to Mr John Smith, the Shadow trade and industry secretary.

In an interview with the New Statesman he states: "The job of the British Enterprise Board is less to take over existing companies and deal with old problems and more to set up companies in new areas. I think we're missing out in new areas."

He admitted that he had not thought very much about which new areas. "Maybe it will be some advanced medical technology, maybe it's bio-technology we should be involved in. But we shouldn't pretend that the would-be government knows all the answers."

Meanwhile, the role of supporting declining industry would stay with the Department of Trade and Industry, supported by task forces to tackle the deep-seated problems.

Mr Smith's tone in the interview is characteristically cautious and undogmatic. "We are all very concerned not to repeat the pattern of previous Labour governments where they are sailing on and then bang, they're into a sort of IMF situation. I think we have to be more cautious."

Pressed about a possible conflict with the City, Mr Smith said: "I think there's got to be a certain gradualism about this. We're not going for punch-ups with the City, but we'll be quietly insistent." And if the City started a punch-up, a Labour government would have to deal with that "as best we can."

Hoax letter aims at embarrassing SDP on defence

By Michael Cassell, Political Staff

A HOAX letter designed to embarrass the SDP / Liberal Alliance leadership over defence issues in defence policy appeared in yesterday's Guardian.

The letter, purportedly signed by Lord Harris of Greenwich, vice-chairman of the Alliance campaign organisation, called for Dr David Owen's resignation as SDP leader, following the "failure" of his recent stand over the replacement of the Polar nuclear defence system.

The letter, written on Reform Club notepaper, suggested Dr Owen should be replaced immediately—at least until the next general election—by Mr Roy Jenkins, former SDP leader. It also suggested that both sides of the Alliance should acknowledge Mr David Steel, the Liberal leader, as "undisputed prime minister-designate."

DPP told of radium loss

MR NICHOLAS EDWARDS, Secretary for Wales, has referred papers about a loss of a radioactive source of radium 226 by University College, Swansea, to the Director of Public Prosecutions.

Extensive investigations have failed to find the radium which is a small, 10 microcurie source, sealed in a calibration instrument. The Welsh Office was informed, as the department for administering in Wales the Radioactive Substances Act 1960.

Greek cement silo arrives

A GREEK cement company, Libexim, has towed a 7,000-tonne floating cement silo to Tilbury on the Thames estuary to handle imports of cement which could be a quarter cheaper than cement available from UK manufacturers.

The cement silo barge arrived at Tilbury docks on Wednesday evening after being towed from Greece for the import of the first cement, expected over the summer.

The prospect of a cheap

cement flooding the market affected shares of UK cement companies on the London Stock Exchange yesterday.

Blue Circle shares closed down 2p at 620p. Rugby fell 4p to 169p and Ready Mixed Concrete was unchanged at 646p.

The Panamanian registered silo barge, the Seaman VI is expected to be supplied with regular shipments from the Greek cement manufacturer Titan, according to the latest issue of Building magazine.

Beecham to merge soft drinks offshoots

FINANCIAL TIMES REPORTER

BEECHAM IS to combine its two soft drinks businesses into a single operation with sales of nearly £200m a year. The company announced this week that it is to sell some of its fringe activities in a bid to improve its image among investors.

Combining the two drinks businesses is aimed at streamlining distribution, but will result in the loss of 90 jobs at the Corona Soft Drinks offices at Brentford, Middlesex.

About 20 staff will be offered jobs at Solihull, West Midlands,

the headquarters of Beecham Bottlers and the base for the new operation. Beecham is the volume market leader in the UK soft drinks sector.

The new company, Beecham Soft Drinks, will include Corona fruit drinks and cordials, Tango canned carbonated fruit drinks, 7-Up (sold under franchise), and C-Vit—a blackcurrant drink.

Beecham also distributes bottled Coca-Cola and the Fanta, Lilt, Freesia, Tab and Diet brands in northern

England, Scotland and Wales.

Mr David King, managing director of the group's food and drink division, said that formation of the company would enable it to provide a more effective service to its 70,000 customers countrywide.

Through combining distribution, Corona products would become available in more outlets now served by Beecham Bottlers, especially in the north of England and Scotland. The company will be launched on October 1.

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Raymond Stoney reports on management moves to revive a troubled tabloid
Eddie Shah burns midnight oil at Today

THE INQUEST began almost as soon as the television lights were switched off and the last reporters went off to write their 'Lombro rescues Shah' stories.

Mr Eddie Shah and the top editorial executives of Today went to a suite in the Grosvenor House hotel in London on Thursday evening and discussed until nearly midnight plans to revive the revolutionary colour tabloid which has failed to find its market in its first 100 days.

They were returning to the same hotel where earlier in the day an emergency board meeting hammered out a financial restructuring which gave the troubled newspaper a breathing space, a deal cleared yesterday by the Department of Trade and Industry.

Mr Shah, the man so closely identified with the product, would stay on as chairman and chief executive with 51 per cent of the shares and Mr Tiny Rowland's Lombro would have 35 per cent.

The precise extent of the Lombro backing is still unclear. The company which also owns The Observer will only say it is between £15m and £20m, but Today has £13.5m in new money after debts have been cleared and departing shareholders paid off.

"We are studying now and looking continuously at how the product should go," Mr Shah said yesterday.

In particular, Mr Shah and top executives will over the next week look in detail at the political stance of the paper, its place in the market and



Mr Eddie Shah (left) and his last-minute backer, Tiny Rowland

precisely who it is aimed at. But why is it only now being launched? Today is losing nearly £100,000 a month and circulation is dipping up and down around 400,000 instead of the hoped-for million, that such fundamental questions are being asked?

"I didn't have the time. I've had to spend all my time fighting fires," Mr Shah said.

A mini-relaunch of Today is being reconsidered for Monday week. The serialisation of Mr Jeffrey Archer's latest novel will be promoted on television, but the speed with which changes can be made in the paper will determine how much weight is put behind the campaign.

Three developments are being considered urgently.

• Directors are considering whether to move the paper

gently to market in line with independent research suggesting that Today is attracting young readers in the A, B and C1 socio-economic groups.

• Senior Today editorial executives, stung by the accusations that the paper is bland, are looking for a clearer political identity for the paper.

Mr Brian MacArthur, the editor, wants to start a series of campaigns on issues such as unemployment, education and health.

In addition Today, which has made much of its political independence, is considering supporting the SDP-Liberal Alliance. Such support would not be unequalled and would probably depend on the Alliance producing coherent policies on areas such as defence.

• Fewer "worthy" features and a little more light relief in the centre of the paper.

At the same time as trying to get the product right, Mr Shah says he will also concentrate on getting the management structure operating properly with the early appointment of a managing director.

At the beginning of this week it did not look as if Mr Shah would get the chance to try to put things right.

With the benefit of hindsight it is clear that Today was launched before it was ready, with less than £5m capital, too few journalists, too vague a concept of its market, too much faith in technology and too little appreciation of how difficult it is to change the public's newspaper reading habits.

Privately, Mr Shah admitted earlier this week he was tired of the battles with shareholders

and what he saw as their lack of support. He wanted to get back to "the real world"—the north of England where he won his victory over the print unions which enabled him to become a national newspaper publisher in the first place.

He had already threatened resignation over the lack of proper financing and was adamant he would not stay on as an employee and figurehead chairman if News (UK) was taken over. Then in a dramatic twist in the plot along came Mr Rowland at nearly the last minute.

Mr Rowland, it seems, was much more interested in backing the man and the concept than in looking at financial projections.

"Tiny Rowland has come in and totally supported me. If I fall now it's down to me. He has given the company a remarkable chance with no strings attached," Mr Shah said yesterday.

Mr Terry Robinson, the Lombro director who opened talks with Mr Shah on Wednesday, said yesterday he believed Lombro could help Today improve its distribution and circulation.

It was also a company, he said, which understood the complexity and risk involved in launching new newspapers. Lombro launched the Sunday Standard in Scotland which closed because of lack of advertising.

Mr Robinson, who is also now on the board of News (UK), said: "I think that with half a chance we'll make a success of this."

Thatcher appeal to US tourists

Financial Times Reporter

MRS Margaret Thatcher made a fresh appeal yesterday to US tourists to continue visiting Britain.

The Prime Minister was opening the British Travel Centre in London. The centre is designed to encourage overseas tourists to visit areas outside London.

Mrs Thatcher said she had been told more Americans were coming to Britain and transatlantic travel was picking up.

"I hope those people who are just wondering whether they should travel from the US will continue to come."

"I had 30 of them to Downing Street yesterday. I told them that Britain is your history as well as ours."

"A very, very special welcome to all tourists visiting our country. We will look after you."

British Caledonian Airways yesterday announced its latest deal to encourage US tourists to visit the UK.

It is offering them the chance to visit London for the week of the wedding of Prince Andrew and Miss Sarah Ferguson with accommodation at leading hotels for \$1 more than the normal fare.

The deal applies to all BCal services leaving Houston, Dallas, Atlanta, New York and Los Angeles on July 20, three days before the wedding.

New Yorkers will be able to spend a week in London for £452, and those flying from Houston for £393.

Signs of recovery in car output level

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SOME SLIGHT improvement in UK car production from recent depressed levels is suggested by the provisional estimates for May from the Department of Trade and Industry.

Car output last month, on a seasonally-adjusted basis, was 88,000—exactly in line with that of May 1985. However, car production for the latest six months as a whole was 2 per cent below that for the preceding six months.

Commercial vehicle output improved in May and was close to the average for 1985. Even so, production in the latest six months was 17 per cent lower

than in the preceding six-month period.

The seasonally-adjusted output of commercial vehicles last month was 21,200 compared with 22,200 for May 1985.

In the early part of this year, commercial vehicle production has been held back by the fall in output of Ford's Transit van—the best-selling commercial vehicle in Britain—which has recently been given a new shape.

Output of the new Transit has been building up only gradually in the early months after its introduction.

BL to sell Nuffield Press subsidiary to Maxwell

BY KENNETH GOODING

BL, the state-owned vehicle group, is to sell for an undisclosed sum its Nuffield Press subsidiary to Mr Robert Maxwell's Pergamon Holdings.

Nuffield Press, based at Cowley, Oxford, is the last of the peripheral businesses which BL has been trying to sell off.

Between 1979 and 1984 the group raised a total of £125m through the sale of companies such as Coventry Climax (Hill trucks), Alvis (military vehicles), Prestcold (refrigeration equipment) and Avelling Barford and Goodwin Barsby (construction equipment).

Pergamon has undertaken to preserve the rights of the 170

Nuffield Press employees. Mr Trevor Jones, Nuffield's managing director, told the staff yesterday that although plans for future development have still to be decided, the current £500,000 development programme would continue.

BL said that after suffering losses for some time, Nuffield Press had been breaking even in the past few months.

Nuffield was founded by car producer William Morris in 1925 as the Morris Oxford Press. Recently, it has concentrated on high-quality promotional and technical literature. For example, it prints Sotheby's catalogue.

Small business 'offers job hopes'

BY IVOR OWEN

LARGE COMPANIES are unlikely to expand the labour force significantly by the end of the decade, Mr David Trippier, the Minister for small firms, told the Commons yesterday.

He said small business offered the best prospects for creating more jobs, and he promised further action by the Government to remove bureaucratic regulations.

Mr Trippier rejected Opposition charges that promises of more deregulation were no more than a cosmetic exercise which ignored the need for fundamental policy changes to halt and reverse the decline in Britain's manufacturing base.

Mr Barry Sheerman, a Labour spokesman, said: "The grim reality is the upward trend in long-term unemployment and the failure of the Government to get to grips with the real problems of the economy."

But the minister replied: "Labour will not hold a general election if it tries to suggest that large firms will take more people on. All the evidence, internationally, is against that."

Mr Trippier countered opposition criticism of the high proportion of small companies which go into liquidation. He said the net increase in small businesses—130,000 in the past three years for which figures were available—was the highest on record.

He contrasted the social stigma attached to business failure in Britain with the more enlightened attitude in the US, where it was seen as part of the educational process and did not lead to the same difficulties in securing a second bank loan.

Measures to assist small businesses in tendering for public sector contracts covering the

Ministry of Defence, Crown suppliers and the stationery office would be expanded to cover more departments as soon as possible, said Mr Trippier.

He gave an assurance that the promised review of Customs and Excise and Inland Revenue procedures would cover the possibility of cash accounting for value-added tax, annual VAT returns with a possible instalments system of payments, and the special schemes for retailers.

Mr Sheerman said an incoming Labour government would seek to establish a constructive partnership with industry. This would involve "a more aggressive and tougher relationship".

A Labour government would want to secure changes in the banking system, which made it more sensitive to the needs of the regions and less dominated by the requirements of companies in London and the south-east, he said.

Unlicensed cars may face wheel-clamp

FINANCIAL TIMES REPORTER

THE GOVERNMENT may introduce harsh measures to wheel-clamp and remove unlicensed vehicles, Mr Douglas Hurd, the Home Secretary, indicated yesterday.

In a letter to Mr Teddy Taylor, Conservative MP for Southend East, he said, ministers would look very carefully at the arguments and options when the report of the road traffic law review is published near the end of the year.

Mr Taylor claimed that

according to the latest estimates, tax is not paid on one car in 25, representing a cost of about £100m.

Mr Hurd told him the Home Office and police shared his wish to minimise evasion, but said there were difficulties in relation to removal or wheel-clamping of unlicensed vehicles.

"Found space for removed vehicles is limited and as many vehicles reported as unlicensed are subsequently

found to be licensed, there would be a significant risk of clamping or removing licensed vehicles," said Mr Hurd.

In addition, while wheel-clamping and clamping out are at an experimental stage, it would be wrong to widen the effort. You may also be encouraged to know the road traffic law review is considering the possibility of introducing powers to wheel-clamp and remove unlicensed vehicles.

ECONOMIC DIARY

TOMORROW: Department for National Savings monthly progress report (May).

MONDAY: Retail sales (May provisional). EEC Foreign Affairs Council meets in Luxembourg (until June 17). EEC Finance Ministers meet in Luxembourg. Nalco annual conference in Bournemouth (until June 20). Union of Democratic Mineworkers annual conference in Buxton (until June 18). World conference in Paris on sanctions against South Africa.

TUESDAY: Public sector borrowing requirement (May). Mr David Hunt, Coal Minister, to address UDM annual conference. Commons debates South Africa. US housing starts (May).

WEDNESDAY: Index of output of the production industries (April). EEC Transport Council meets in Luxembourg (until June 19). FT Conference "World gold in 1986" at Hotel Inter-Continental, W1 (until June 19). National Association of Health Authorities annual conference in Newcastle-upon-Tyne (until June 20).

THURSDAY: GBI/FT survey of distributive trades (end-May). London sterling certificates of deposit (May). UK banks assess and liabilities and the money stock (mid-May). Capital expenditure by the manufacturing and service industries (first quarter-revised). Manufacturers' and distributors' stocks (first quarter-revised). Socialist International Congress in Lima (until June 23).

FRIDAY: Gross domestic first quarter-provisional). Welsh Conservative Party annual conference in Porthcawl. South African consumer prices (May) and trade figures.

Advertisement for MAN Aktiengesellschaft, Munich. Features the slogan 'GUTEHOFFNUNGSHÜTTE' in a large arch over the word 'MAN'. Below are logos for MAN NUTZFAHRZEUGE, MAN GHH, MAN B&W, RENK, FERROSTAAL, MAN ROLAND, MAN TECHNOLOGIE, and DWE. Text includes address: Ungererstraße 69, 8000 München 40, and list of board members. Major participations listed at the bottom include SMS Schloemann-Siemag AG, Kabel- und Metallwerke Gutehoffnungshütte AG, and others.

Advertisement for TELEBEAM PLC. Introducing the INTERCEPTER, the world's first hand-held Teletext receiver. Offer for subscription by UTC Securities Management Limited (Licensed Dealers in Securities) at 187,500 Units at £4 per unit. Includes contact information for UTC and a form to request a prospectus.

News International seeks injunction against printers

By Helen Hague, Labour Staff

NEWS INTERNATIONAL has brought fresh legal action against the print unions...



Brenda Dean: wishes to avoid second sequestration

The company has applied for an early hearing. It expects to take place next Friday.

Times journalists vote for strike ballot

By David Brindle, Labour Correspondent

MEMBERS of the National Union of Journalists at The Times yesterday voted 80-20 to proceed immediately with a ballot on industrial action.

carried, a second on detailed options. The chapel decided yesterday, however, to hold only one ballot.

paper, abstained in the vote on the ballot. It will be supervised by the Electoral Reform Society...

Engineering talks likely to continue

By David Thomas, Labour Staff

THE POSSIBILITY of the collapse of long-running negotiations over shorter working hours and more flexibility in the engineering industry appears to have been averted.

Willis calls for end to cloth-cap image of trade union movement

By David Brindle, Labour Correspondent

THE POPULAR image of trade unionism still seems to be that of a middle-aged man in a cloth cap, jamming up the production line in a factory with the enthusiastic support of his mates.



Norman Willis: seeks to combat ignorance

on such a basis. Increasingly, unions were concerned as much with community issues as traditional questions of pay and conditions...

Textile workers call off strike

By Our Labour Staff

WORKERS in the Yorkshire-based textile industry have called off a threatened two-day strike so that new talks can take place on their pay claim.

Heseltine backs employee role

By Our Labour Editor

A CONSERVATIVE government might have to bring in legislation to promote greater employee involvement. Mr Michael Heseltine, the former Cabinet minister said yesterday.

resisted pressure from the European Community for greater employee involvement. He told the conference, organised in London by the industrial communications company Epic, that British industry did not have a record of employee involvement which was characteristic of its competitors.

Pay rises fall with declining inflation

By David Thomas, Labour Staff

PAY SETTLEMENTS are beginning to fall in the wake of rapidly declining inflation, but there are still very few below 5 per cent.

Changes to NHS drugs list

REGULATIONS Introducing changes to the selected list of National Health Service drugs, to come into operation on July 1, have been laid in parliament.

The advisory committee on NHS drugs has recommended that seven drugs in specified strengths should be reinstated to the list of drugs available under the NHS.

Non-union staff 'prone to accidents'

By Philip Bassett, Labour Editor

VULNERABLE employees—those not protected by trade unions and those working in small establishments—suffer most from accidents at work, according to a forthcoming academic analysis of industrial injuries in British manufacturing.

The study, by Mr Theo Nichols, reader in sociology at Bristol University, concludes that employees with an increased incidence of industrial injury, "tend to work in labour-intensive rather than capital-intensive sectors, and will tend to lack the protection of trade unionism."

Its findings are likely to be used as arguments for unionisation by those unions, such as the GMBU general workers and the TGWU transport workers, which are trying to break into poorly-organised areas like service industries and smaller companies.

TREND OF INDUSTRIAL PROFITS ANALYSIS OF 92 COMPANIES Brewers help keep consumer sector lead over capital goods

AN ANALYSIS of companies reporting their annual results in the third quarter of last year shows that those in the consumer group maintained their well-established lead over those in the capital goods sector.

Table with 15 columns: Industry, No. of Cos., Turnover, Profit, etc. Rows include Building Materials, Contracting Construction, Electronics, Mechanical, Metals and Metal Forming, Motors, Food Manufacturing, Food Retailing, Health and Beauty Products, Leisure, Other Industrial Materials, Total Capital Goods, Breweries and Distillers, Publishing and Printing, Packaging and Paper, Stores, Textiles, Tobacco, Total Consumer Group, Chemicals, Office Equipment, Shipping and Transport, Miscellaneous, Total Industrial Group, Oils, Banks, Insurance (Life), Insurance (Composite), Insurance (Non-life), Merchant Banks, Property, Other Financial, Total Financial Group, Investment Trusts, Mining Finance, Overseas Traders.

NOTES ON COMPILATION OF THE TABLE The classification is that of the Institute and Faculty of Actuaries... Col. 1 gives Pre-tax Profits, that is to say profits after all charges including... Col. 2 gives Post-tax Profits, that is to say profits after all charges except those which are not deductible for tax purposes... Col. 3 gives the net profit according to equity calculations... Col. 4 gives the net profit according to equity calculations... Col. 5 gives the net profit according to equity calculations... Col. 6 gives the net profit according to equity calculations... Col. 7 is the total net profit... Col. 8 is the total net profit... Col. 9 is the total net profit... Col. 10 is the total net profit... Col. 11 is the total net profit... Col. 12 is the total net profit... Col. 13 is the total net profit... Col. 14 is the total net profit... Col. 15 is the total net profit...

APPOINTMENTS Burgess Products chief executive

Mr J. W. (Bill) Todd becomes chief executive of BURGESS PRODUCTS (HOLDINGS) on June 16. He recently resigned as group operations director at GEI International. Mr David Platt has joined the partnership of BREWIN DOLPHIN & CO. stockbrokers. Mr Hsieh F. Hua (managing director, Morgan Grenfell (Asia) in Singapore) and Mr Peter Wing (treasury division, London) have been appointed to the board of MORGAN GRENFELL & CO. and Mr Michael Wheatley has been appointed to the board of Morgan Grenfell Asset Management. Sir Denis Mountain has been appointed a non-executive director of ALLIED LONDON PROPERTIES from July 1. He was formerly chairman and managing director of Eagle Star Holdings and a director of BAT Industries. Mr Rodney Hathaway has been appointed managing director of ASHLEY PALMER HOLDINGS. He joined the group in February from Midland Bank where he was assistant trade finance director. Mr A. V. (Dicky) Alexander, a director of Sedgwick Group has been re-elected chairman of the BRITISH INSURANCE BROKERS' ASSOCIATION. Mr Brian Denney and Mr David Palmer, have also been re-elected as deputy chairman. Mr Peter Porteb has also been elected a deputy chairman. Subsequent to OCL becoming a wholly-owned subsidiary of P&O the following appointments have been made: At Overseas Containers Mr Geoff Whitehead, chairman of P&O European Transport Services, Mr Robert Woods, general manager -OCL Far East Trades, and Mr Christopher Rankin, managing director of Overseas Containers (UK Agencies), are appointed directors. Mr Christopher Rankin, managing director of Overseas Containers (UK Agencies), is appointed a director of P&O European Transport Services. Mr John Furness, managing director of P&O Roadways, is made a director of Overseas Containers (UK Agencies). At P&O Roadways Mr. Marjorie Ward, operations director of Overseas Containers (UK Agencies), has become a director of Overseas Containers Australia Pty. Mr John Jenkins, chairman of Overseas Containers Australia Pty., has been made a director of Overseas Containers Australia Pty. Mr Ken Horton is appointed managing director. He was financial director before becoming general manager and director prior to this appointment. Mr Harry Becker, has been appointed director of agencies in the UK by the MANUFACTURERS LIFE INSURANCE GROUP (ManuLife). He joins ManuLife from Abbey Life where he was an executive director in the company's agency head office. COSSOR ELECTRONICS has made Mr Brian Hughes executive director for its special projects business area. He was formerly general manager for MEL Avionics. Mr Tony de Gantagand will be joining the operations development group of THE STOCK EXCHANGE as head of risk management from July 7. He has had extensive experience in risk management operations during 12 years in the Inter-

PROFITS
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Wide spread of awards in Birthday Honours



Norman Lamont, Privy Councillor; Noel Stockdale, Knight; Keith Street, Knight; Alastair Pugh, CBE; Ralph Halpern, Knight; Nigel Mobbs, Knight; Ian MacGregor, Knight; Earl Jellicoe, KBE; Stanley Grinstead, Knight; Christopher McMahon, Knight.

AMONG THOSE recognised in the Queen's Birthday Honours are representatives of politics, industry, the arts, education, medicine, the legal profession and sport. They include three life peers, three Privy Councillors and 30 Knights Bachelor.

LIFE PEERS

Baroness Patricia Deedes, lately private secretary to the Queen.
Mr William Francis Deedes, lately editor, the Daily Telegraph.
Mr Mark Raymond Bonham Carter, first chairman of the Restoration Board, for public services.

PRIVY COUNCILLORS

Mr Norman Stewart Hughson Lamont, MP, Financial Secretary to the Treasury, MP, Kingston-upon-Thames.
Mr John Brinsford Lacey, Judge of the High Court of Justice, family division.
Sir Patrick (Baroness Burke) Mayhew, Solicitor General, MP, Tunbridge Wells.

KNIGHTS

Mr George Oswald Browning Aitken, for services to cricket.
Mr Stanley Ernest Bailey, chief constable, Northumbria Police.
Professor Roy Yorks Calm, professor of surgery, University of Cambridge.
Mr John Gowen Colyear, chairman, AE.
Mr Colin Ross Corneil, chairman, Redland.
Mr Andrew George Derbyshire, chairman, Robert Matthew, Johnson, Marshall and Partners.
Mr Anthony Victor Driver, chairman, South West Thames Regional Health Authority.
Mr John Leopold Egan, chairman and chief executive, Jaguar.
Mr Gerald Henry Elliot, chairman, Christian Balewans.
Mr Colin Cunningham Fielding, controller, research and development establishments, research and nuclear, Ministry of Defence.
Professor Christopher David Foster, for public services.
Mr John Morris Fox, MP, for political services.
Mr Alan David Greenberg, former Opposition leader, G.L.C. for political and public services.
Mr Stanley Gordon Grinstead, chairman and group chief executive, Grand Metropolitan.
Mr Ralph Mark Halpern, chairman and chief executive, Burton Group.
Mr Michael Elie Howard, regius professor of modern history, University of Oxford.
Mr Thomas Philip Jones, chairman, Electricity Council.

ORDER OF ST MICHAEL AND ST GEORGE

Mr Roger John Harding, assistant secretary, defence staff, Washington, D.C.
Mr John Stewart Lloyd, MP, for political services.

ORDER OF THE BRITISH EMPIRE

Miss Marie Florence Park (Mrs Stock), director, Royal Ballet School.
Professor Ernest Donald Acheson, chief medical officer, Department of Health and Social Security.
Earl of Harwood, lately managing director, British National Opera, for services to music.
Earl Jellicoe, chairman, British Overseas Trade Board.
Sir Norman Roger Rix, for services to the mentally handicapped.
Mr Michael David Bishop, chairman and managing director, British Midland Airways.
Mr John Christopher Bowman, secretary, Natural Environment Research Council.
Mr David Sireley, general manager, Royal Shakespeare Company.
Mr Irwin Dalrymple, executive vice chairman, National Bus Company.
Mr John Anthony Derrington, lately director and head of design, Sir Robert McAlpine and Sons.
Mr Donald Desmond Durban, joint deputy chief executive, Trusthouse Forte.

ORDER OF THE BATH

Mr Alan Marshall Bailey, permanent secretary, Department of Transport.
Mr John Christopher Selby, clerk of the Parliaments.
Mr William Frederick Payne Heselin, private secretary to the Queen.
Mr Alan John Aitken, under secretary, Department of the Environment.
Mr William Anderson Basson, Speaker's secretary, House of Commons.
Mr William Gerald Thomas Pennant Colfer, under secretary, Ministry of Defence.
Mr David Michael Day, deputy secretary, Department of Trade and Industry.
Mr Ronald Henderson Michay, director, British Museum (Natural History).
Mr Thomas Duncan Hoggell, deputy secretary, Department of Health and Social Security.
Mr Peter Julian Kitson, under secretary, HM Treasury.
Mr John Fraser Mayne, deputy secretary, Cabinet office (responsible and personal office).
Mr George Ewart McClelland, solicitor, Department of Employment.
Mr Alan Annetta McMillan, solicitor, Scottish Office.
Mr John Pakenham-Walsh, under secretary (legal), Home Office.
Mr Geoffrey George Pope, director, Royal Forestry Establishment, Farnborough, Ministry of Defence.
Mr James Douglas Milne Romie, Parliamentary counsel.
Mr James Stuart-Smith, judge, advocate general.
Mr James Brian Ulwin, deputy secretary, Cabinet office.
Mr Gordon Wallace Wilson, principal finance officer, Ministry of Agriculture, Fisheries and Food.

ORDER OF THE BRITISH EMPIRE

Mr Robert John Edwards, lately deputy chairman and senior group editor, Mirror Group.
Mr Arthur John Ellis, chairman and chief executive, Pyralis Group.
Mr William Evans, director, Northern Bank.
Mr Richard Harry Evans, divisional deputy managing director, military aircraft division, British Aerospace.
Mr Ronald Gerrick, managing director and chief executive, Weir Group.
Mr Douglas Lindsey George, head of Gowarth Laboratory, Unilever research.
Mr Norman Gidney, chairman, Gidney Securities.
Mr Peter Austin Goodwin, director, National Investment and Loans Office.
Mr William Platt Hay, president, Scottish Fishermen's Federation.
Mr John Trevor Heves, director, National Portrait Gallery.
Mr David Hugh Laing Hopkinson, deputy chairman and chief executive, M & G Group.
Mr Cyril Raymond Howard, managing director, Elmwood Studios, for services to the British film industry.
Mr Edwin Kay, chief officer, Council for National Academic Awards.

ORDER OF THE BRITISH EMPIRE

Mr Harold Neale Reiss, chairman, Business and Technical Education Council.
Mr Joseph William Reiss, chairman, Livestock and Wool Committee, National Farmers' Union.
Mr Finlay MacKenzie, general manager, Howlat-Packard.
Mr Duncan James MacLeod, senior partner, Erast and Whinney.
Mr James Sinclair McParlane, director general, Engineering Employers' Federation.
Mr John Clifford Mortimer, playwright and actor.
Mr Royston John Mountain, chairman and managing director, Avimo.
Mr Charles Edwin Neesham, director, Coalfit Group.
Mr John Morris Peake, chairman, Baker Perkins.
Mr Archibald Ernest Picher, president, Dgivy and Marlar.
Mr Ian Prestat, director, Royal Society for the Protection of Birds.
Mr Alastair Yarrant Pugh, executive vice chairman, British Gas/London Airways.

ORDER OF THE BRITISH EMPIRE

Mr John Charles Lowin, chairman, Mobil Oil Company.
Mr Benjamin Matthew Luzzon, algar.
Mr John Lyons, general secretary, Electrical Power Engineers' Association, & Engineers' Association.
Mr Finlay MacKenzie, general manager, Howlat-Packard.
Mr Duncan James MacLeod, senior partner, Erast and Whinney.
Mr James Sinclair McParlane, director general, Engineering Employers' Federation.
Mr John Clifford Mortimer, playwright and actor.
Mr Royston John Mountain, chairman and managing director, Avimo.
Mr Charles Edwin Neesham, director, Coalfit Group.
Mr John Morris Peake, chairman, Baker Perkins.
Mr Archibald Ernest Picher, president, Dgivy and Marlar.
Mr Ian Prestat, director, Royal Society for the Protection of Birds.
Mr Alastair Yarrant Pugh, executive vice chairman, British Gas/London Airways.

ORDER OF THE BRITISH EMPIRE

Mr Lewis John Wynford Vaughan-Thomas, for services to Welsh culture.
Mr Peter John Vaseco, chairman, Construction Equipment and Mobile Crane Economic Development Committee.
Mr Duncan James Watson, chairman, Royal National Institute for the Blind.
Mr Derek Vander Weyer, deputy chairman, British Telecommunications.
Mr Geoffrey Grichton Wilkinson, chief inspector of accidents, Department of Transport.
Brigadier James Wilson, chief executive, Livingston Development Corporation.
Mr Peter Jeffrey Wordie, chairman, Baring Shipping.

ORDER OF THE BRITISH EMPIRE

Mr M. B. Abrahams, commercial director, GEC Turbo Generators, for services to export.
Mr Robert Adams, chairman, George Adams and Sons (Holdings).
Mr D. R. Allen, chairman, DHL International (UK).
Mr D. M. Archibald, director, North East Gas, British Coal.
Mr G. C. Barrett, joint managing director, Henry Barrett and Sons.
Mr P. G. H. Bath, advisor, Petroleum Industry, Shell UK BP.
Mr H. M. Bedford, general manager, southern construction division, Balfour Beatty Construction.
Mr E. M. Briscoe, chairman, Feiry Technology.
Mr G. R. D. Calder, director, National Training Board Association of British Travel Agents.
Mr N. J. Carver, director, business strategy, British Leyland.
Mr D. B. B. Chawerton, marketing director, Feiry Marina.
Mr D. L. Cooper-Jones, manager, technical defence systems division, Standard Telephones and Cables.
Miss E. B. Gullan, company secretary, National Westminster Bank.
Mr M. J. Dawson, secretary chairman, Tunnatol Telecom Group.
Miss V. J. Di Palma, deputy chairman, Air Travel Reserve Fund Agency.
Mr Michael Dome, assistant correspondent, Financial Times.
Mr W. J. Dunbar, lately chief executive, British Steel Corporation (Industry).
Professor G. M. Dunnet, chairman, Shell Oil Terminal environmental advisory group.
Norman Tassie, chief coach and secretary, Royal Opera, Covent Garden.
Professor J. E. Flood, chairman, telecommunications standards committee, British Standard Institute.
Mr D. B. Gwynne, managing director, The Bentley Engineering Co.
Mr F. H. Hall, chairman, Dean Glough Industrial Park.
Mr G. A. Hazwood, chairman and managing director, Westwood Engineering.
Mr J. C. Howard, chief engineer, Oxfam.
Mr H. W. Duff Hughes, director and general manager, exploration companies, British Gas Corporation.

ORDER OF THE BRITISH EMPIRE

Mr E. Innes, lately chief executive, Nobel Explosives Co.
Mr T. P. Jones, chairman and managing director, Lion Laboratories.
Mr G. S. Keddle, chairman and managing director, GSK.
Mr J. G. Knox, chief executive, File silylene project, Esso Chemical.
Mr R. A. Mackall, vice-chairman, Grafton Commission.
Mr B. G. McKinnon, division production manager, Amoco (UK) Exploration Co.
Mr J. Palata, managing director, personnel, British Railways Board.
Ron Pickering, for services to athletics.
Mr G. T. V. Pinder, chairman, G. A. Pinder and Son.
Mr D. A. Pimmell, lately managing director, Birmingham Broadcasting.
Mr E. C. Priest, lately chairman, Peabody Holdings.
Mr R. Resa, managing director, Dundee (GB).
Mr J. A. Robinson, chairman, Northern Dunes (Inverclyde).
Mr R. W. Simons, lately technical director, Marconi Radar Systems.
Mr J. Spencer, joint managing director, Richardson Forster.
Eric Sykes, actor.
Mr T. Thomson, lately director sales, Army weapons division, Stevenage, British Aerospace, for services to export.
Stan Tracey, jazz pianist and composer.
Virginia Wade, for services to Lawn Tennis.
Mr I. R. Young, manager, Picker Research Laboratory, GEC.

ORDER OF THE BRITISH EMPIRE

Mr O. F. Andrews, principal technical projects engineer, Royal EMI Automation.
Mr G. N. E. Angell, technical manager, Avon Industrial Polymers.
Mr T. P. S. Baxter, manager, industrial section, industrial relations department, British Steel Corporation.
Harold (Ditchie) Bird, cricket umpire.
Mr B. Burgess, chairman, Ben Burgess and Co.
Mr M. W. Chapman, managing director, Aerocycle.
Mr H. J. Charles, for services to basketball.
Mr Jeremy Goney, for services to cricket.
Mr G. B. Connor, estimating manager, aircraft contracts, Short Brothers.
Janet Eager, executive director, London Contemporary Dance Theatre.
Mr P. A. Embley, chief inspector, manufacturing services group, Smiths Industries Aerospace and Defence Systems.
Mr Stanley Follows, managing director, Sander, Flexographic Printing Rollers.
Mr R. G. Field, export sales finance manager, Austin Rover Group, for services to export.
Mr O. E. Fletcher, chairman, Pannine Heritage.

ORDER OF THE BRITISH EMPIRE

Richard Fox, for services to canoeing.
Mr A. E. Fraeth, engineering manager, aircraft tyres, Dunlop aviation division.
Mr P. Fretwell, joint director, P. & J. Fretwell.
John Gussell, for services to the Swansea Festival.
John Gilbert, for services to the British Racing School, Newmarket.
Roland Godfrey, film animator.
Mr B. D. Grant, chief pilot, Flight Ralulim, RNAS, Yeovilton.
Mrs M. Hall-Jackson, joint managing director, Eurotec Optical Fibres.
Mr P. C. Hanbury, proprietor, Toronado Power Systems.
Mr I. J. Harill, assistant director (for resources engineering), British Gas Corporation.
Virginia Holgate (Mrs Lang), for services to riding.
Mr J. Kerr, director, William Kerr Farms.
Yvonne Luttedwood, executive producer, light entertainment (variety), British Broadcasting Corporation.
Mr J. Lovegrove, chairman and managing director, Greengrove Welding Works.
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Mr R. H. Smith, managing director, Harvey Fluting.
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Mr J. Taylor, managing director, Cascade (UK).
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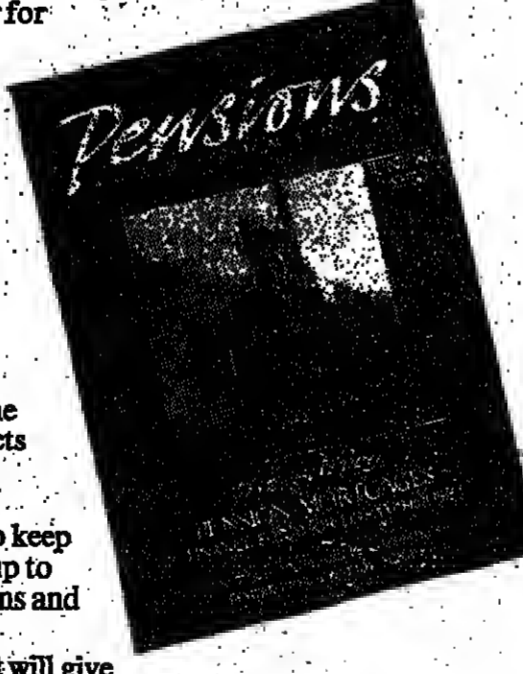
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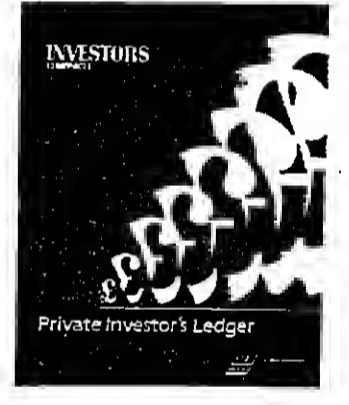
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Summer of uncertainty

SUMMER WEATHER seems at last to have put in a reasonably determined appearance in northern Europe, but the forecast 1986 economic recovery, which once seemed so certain and reliable as the seasons, seems to be arriving even later than the sun.

Output continues to edge down in the UK, but this is a sparkling performance compared with West Germany. There the forecast remains so strong that the Government will not contemplate a stimulus, but actual output fell by 1.1 per cent in the first quarter, and export volume is slowing.

Now the US economy also appears to be weakening, with employment and industrial output down. Small wonder that the equity markets in so many countries have been having second thoughts.

One reason for these setbacks is familiar. Falling oil and commodity prices have forced many producers to make quick and painful adjustments. This deflationary impact was underestimated by most forecasters when oil prices first showed signs of collapse. Their models do not seem to be good at capturing the effects of sharp changes in the structure of demand, and previously bullish forecasts are being shaded everywhere.

Weak stock

All the same, the sharp rise in real consumer incomes in the industrial countries remains a solid fact, which still underwrites longer-term optimism. The question remains: how much optimism, and for whom? History unfortunately shows that it takes time for forecasts to adjust to changed international realities. This is because it is what economists call an iterative process.

Say, for simplicity, that UK prospects are strongly influenced by those in West Germany, and vice versa. UK figures are adjusted down for falling North Sea investment; but only after they are published are West German forecasts shaded for the UK influence; and then the UK prospect is a little weaker too. This kind of process seems to be going on now. The consensus for UK growth this year has edged down from the Treasury's 3.4 per cent to 2.4 per cent at most. West Germany, once confident of 4 per cent growth, will be quite happy to achieve 3 per cent.

The revisions may prove sharper in the US and Japan, while in a whole range of commodity producers, which Australia is the latest, and some industrial countries such as Belgium, austerity is now the rule. It does not add up to anything like a world boom, and most forecasters now expect this cheery event in 1987 rather than 1986. Hope (Deferred) has always been a weak trading stock.

One trouble is that interest

rates seem to have got stuck at high real levels, worldwide. Mr Volcker last week dashed any short-term hopes of further cuts in the US, while the apparent monetary explosion in the UK has at least given the markets pause.

In West Germany the Bundesbank is worried about the growth of narrow money, which is unlikely to contain many of the distortions which make the British broad money figures so hard to interpret. The West German economic research institutes support official caution.

What worries the economists and central bankers is still the possible threat of inflation. Prices and living costs everywhere at the moment are being held down by cheap raw materials and nominally cheaper credit; but except in the US and Japan, domestically generated cost pressures persist.

The West German measure of domestically generated inflation is still above three per cent, though shop prices are actually falling. In the UK, underlying inflation could be as high as five per cent.

These gloomy-looking figures are simply a mirror image of the disappointing output figures. With higher productivity, unit costs would be lower and the rise in real incomes would be sustainable. The question is, then, whether consumer spending in the next half year or more will stimulate output and productivity, or will simply prove unsustainable. Where, in short, is the consumer, money going, and likely to go?

Retail sales

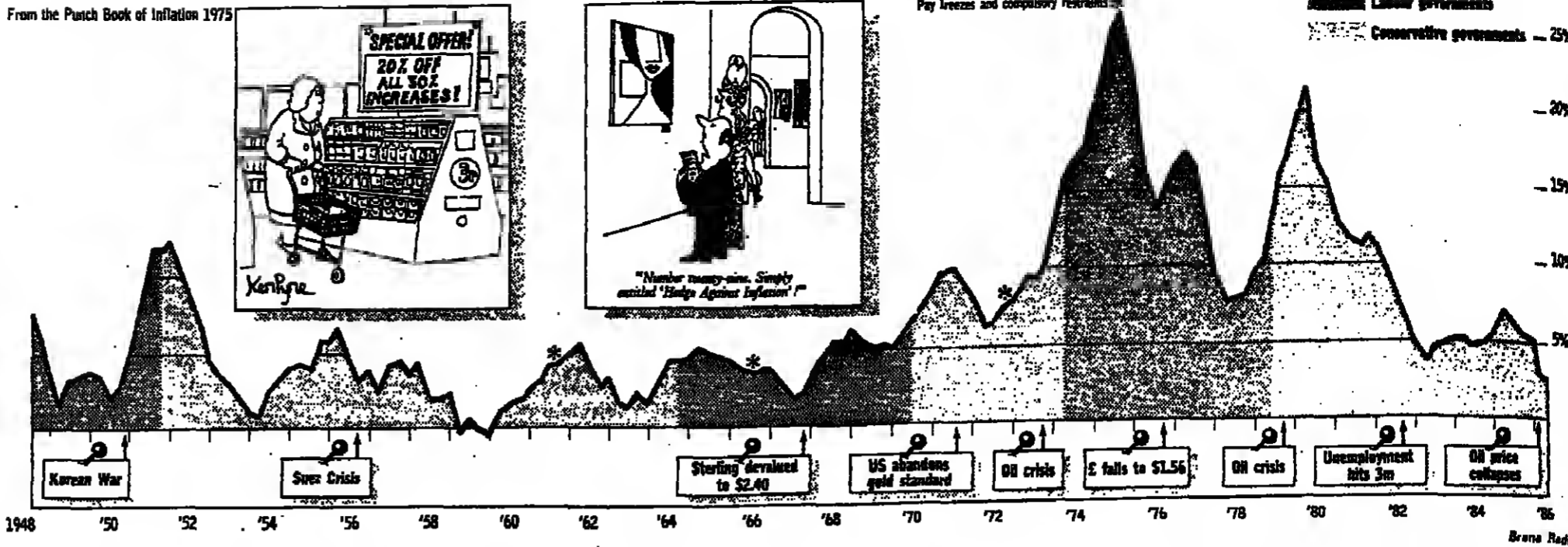
Some of it may not get spent at all, forecasts of private savings are being revised upwards, especially for West Germany and the UK, and the figures suggest quite a strong recovery in US saving from its abnormally low levels of recent years. This would suggest that the recovery, even in 1987, will remain slow, but will be easily sustainable, thus continuing the pattern of the 1980s.

Part of it is being spent in the shops, though the real rise in retail sales is well behind the rise in disposable incomes. Part — especially in the UK — seems to be going into forms of spending which are slow to be reflected in the official figures — especially house improvement and tourism.

Meanwhile, however, the great American stay-at-home, which probably has as much to do with a weak dollar as with terrorist fears, is diverting spending from Europe to America and the Pacific on a scale which has provoked Mrs Thatcher to intervene personally. In the months until these many new patterns of spending and saving can be measured and analysed, the markets are likely to remain as they are: now, haunted with uncertainty.

FALLING INFLATION

From the Patch Book of Inflation 1975



The victory no-one celebrated

By Anatole Kaletsky

I LIKED inflation. It gave me a sense of progress. Each year I knew I'd get a big pay rise and the numbers in my bank account kept growing. I knew it was just an illusion, but it was encouraging all the same.

"Everyone I know did well out of inflation if only because of house prices. The people who really hated it were pensioners and those who couldn't afford to appear greedy—vicars, nurses, teachers, judges. I suppose inflation was best for the hully boys; it threw all the balls in the air and those who could jump highest got them. But it also shook up the social order: the cards were constantly shuffled and you never knew which would come out on top—which was probably no bad thing."

In the next few months, snippets of conversation like this one between two young professional women at a Fulham dinner party are likely to be heard up and down the country. After yesterday's announcement that inflation has fallen to 2.3 per cent, its lowest level for 18 years, and less than the annual average recorded in the 1950s and 1960s, people are going to have to think again about their attitudes to prices.

For many, like the Young Urban Professionals speaking above, a wrenching mental adjustment may be required if low inflation turns out to be a permanent phenomenon. It is easy to forget that for the middle-aged policymakers who are trying to re-establish the non-inflationary conditions of the late 1950s, that nobody who is under 38 in Britain today has any adult experience of inflation below the 4 per cent mark.

The fact that stable prices are such an unfamiliar phenomenon underlines the magnitude of the Government's achievement in conquering inflation. But it also explains why few people outside Whitehall take seriously the Chancellor's pronouncement that "the ultimate objective remains stable prices."

Indeed, one of the biggest

challenges facing Mrs Thatcher's Government in the years before the next general election will be convincing the British public to believe in low inflation—both in the sense that low inflation is good for them and that it is here to stay.

The two points are closely related, since expectations are among the strongest forces that keep inflation going. And if the popularity of ever-lower inflation starts to be questioned, so will the determination of present and future governments to achieve stable prices. In fact, even if the public merely becomes blasé about the dangers of rising prices, the political appeal of more inflationary policies will tend to grow.

This is a possibility which investors and wage bargainers, as well as economists and politicians, are well aware of.

"Mr Average Investor still thinks of low inflation as a flash in the pan," says Mr Tony Richards, who advises private clients at brokers Quilter Goodson. "Political pressure is shifting from inflation to unemployment; and with an election less than two years away, you can't ignore the fact that a government which wants to reduce unemployment will probably hoer and inflate."

This kind of scepticism helps to explain why fixed-interest gilts, which are in theory the most attractive of all investments at times of disinflation, have failed to equal the spectacular performance of equities, and even the substantial gains in London house prices, during the last year.

If inflation were really expected to remain below the 3 per cent mark for the indefinite future, interest rates of up to 9 per cent, guaranteed for 15 years or more on long gilt-edged stocks, would surely prove irresistible to investors.

Even for those not seeking long-term income, a steady decline in market interest rates towards the long-term level of inflation would hold out the prospect of huge capital gains for gilt-edged investors. If, for

example, long-term interest rates were to fall to 6 per cent—still 3 per cent above the current rate of inflation—the price of a long-dated bond at present yielding 9 per cent would rise by roughly half. If inflation ultimately fell to zero and long-term interest rates to 3 per cent, a 9 per cent gilt would almost triple in value.

For the Government, the failure of long-term interest rates to track inflation downwards is something of a disappointment. Not only does it suggest a vote of no confidence in the long-term sustainability of its disinflationary policies. More important, it has deprived the public of one of the most important economic benefits expected from low inflation.

Interest rates played a key role in the original formulation of anti-inflationary policy throughout the world. Once inflation was conquered, the low interest rates which followed were supposed to be the main stimulative force which would rapidly restore full employment.

In the event, long interest rates today are only three points lower than they were in 1982, while bank base rates and mortgage rates are actually higher. Inflation, meanwhile has fallen from 9 per cent in 1982 to less than 3 per cent.

Of course, the scepticism of gilt-edged investors is not entirely to blame for the disappointing persistence of high interest rates. In fact, high short-term interest rates have been maintained quite deliberately by the Bank of England as part of its efforts to shore up the sterling exchange rate.

But the exchange rate problem, too, is closely intertwined with a scepticism about disinflation which goes far beyond the gilt-edged market.

This scepticism, among pay bargainers on both sides of the industry, is constantly threatening to turn into a self-fulfilling prophecy and run much of the progress which has been made in eradicating inflation.

Present levels of pay increases, which are still running at an underlying rate of

2.5 per cent according to the Treasury, suggest that wage bargainers expect the coming year's price inflation to end up nearer 5 per cent than the 2.3 per cent announced yesterday.

Such expectations tend to be self-justifying, which is why inflation was stuck in a range of 4 to 6 per cent from 1983 until the last few months.

It took an external shock—the sudden collapse of oil prices this winter—to push the retail price index off this plateau. But, assuming that energy prices do not fall further, the domestically generated inflationary forces, especially the action on the wage front, will now determine whether progress is sustained or reversed.

This explains why the Government has considered it necessary to maintain high interest rates in the wake of the collapse of oil prices.

The inflation rate will reach 3.7 per cent by the end of 1987, according to the average figure published last Monday in the FT's Survey Forecasts. Beyond that, inflation might continue to accelerate, perhaps to the 5 per cent mark. A slight reverse like this may disappoint the zero-inflation purists in the Treasury, but why should it worry anybody else?

And if a mild acceleration is not a problem, why is the triumph against inflation receiving a relatively lukewarm reception, both in the financial markets and in the public opinion polls, just as the nation is about to reap the fruits of years of anti-inflationary sacrifice?

Answering this question is important in formulating an investment strategy for the new, less-inflationary world.

One obvious problem can be rejected at once. Failing to attain absolute price stability is not a disaster, at least in the long run. Looking back to the 1960s, there is no evidence that inflation rates in low single figures have any adverse effects on general economic performance.

Indeed, before the 1973 oil crisis, Japan had higher inflation than any country in the advanced industrialised world.

From 1960 to 1968, Britain's inflation, which averaged 3.6 per cent, was only 1 per cent above the average for all industrial countries and 2.1 per cent below Japan's. The reason Britain did badly during this period in comparison with other economies had little to do with the direct disruption caused by rising prices, despite the fact that prices and incomes policies played a persistent part in attempts to cure the British Disease.

Britain's problems in those days were connected with inflation, but only indirectly. The same combination of low productivity growth and rapid wage increases which caused inflation in the 1970s led to recurrent balance of payments crises under the fixed exchange rates of the 1960s.

Every balance of payments crisis in this period was solved by trying to restrain the growth of wages relative to profits. Twenty years later, a similar result appears to have been achieved in the battle against inflation. After years of relentless decline, the share of profits in Britain's national income returned last year to its level of the late 1950s—and this, as much as the improvement in the RPI figures has been the real reason for investors to celebrate.

In fact the spectacular performance of the equity markets all over the world in the past few years suggests that this is very much the view that investors have been taking.

Until the latest collapse of oil prices, there appeared to be little chance of achieving zero inflation anywhere in the world. However, the prospect of inflation rates in low single figures in most countries was quite sufficient to push equity prices to record levels all over the world.

The reason for celebrating was not so much that inflation had been killed as that it had been tamed. Throughout the world, as in Britain, the bond markets suggested continuing

suspicion among investors that inflation would rise by a point or two in the foreseeable future. Equity markets were underpinned by this for the simple reason that corporate profits had been hit during the dismal year since 1983 less by inflation rise than by two of its disastrous side effects—first, the shift in national incomes from profits to wages and second, the deflationary government actions which were required to stop inflation and ultimately reverse this shift.

The real question for investors now, therefore, is whether any further celebrations are in order, now that inflation seems set in the case of Britain, to fall to the range of 3 to 4 per cent, instead of 5 to 6 per cent, as might have been predicted year ago?

The answer depends less on the new level of inflation than on whether it now seems more likely to prove sustained than it did a year ago. And in the perceptions of the investment markets, it is increasingly a matter of politics.

The experience of the eight years has proved that governments can conquer inflation. However, much less profit has been made on the other side of the coin. It is not a matter of course, with the possible exception of Japan, has yet gone to show how low inflation and full employment can be made compatible as were in the 1950s and 1960s.

Most investors still believe that any major government action to stimulate demand and employment "artificially" likely to move inflationary.

Britain, the Government made this message the cornerstone of its whole economic philosophy—if we can stop inflation, full employment, other economic benefits will follow naturally. It has argued.

But now inflation has been defeated, and the public will wait to see the benefits. Will investors now be worried about the policy reversal which could follow if the benefits are not visible soon

THE RAPID rise of Dr Franz Vranitzky, Austria's new Socialist Chancellor, has surprised even his closest collaborators. Plucked from one of Austria's major banks to take charge of the Finance Ministry in September 1984, he now finds himself with the unenviable task of polishing up the Government's image ahead of the next general elections due by April next year.

He readily admits that this will not be easy. "I was asked and after careful consideration I accepted. I think we have a chance, but there is no guarantee. It's going to be very difficult," he says.

Chosen to replace Dr Fred Sinowatz, who resigned as Chancellor on Monday after the disastrous performance of the Socialist party candidate against Dr Kurt Waldheim in last Sunday's presidential election, Dr Vranitzky is an unlikely choice both as Chancellor and as the man cast in the role of potential saviour for his party.

Nevertheless, his success or failure will determine — more than anything Dr Sinowatz, who remains party leader, does — whether the Socialist party is called upon to form a government after the next general election.

"That this burden should fall upon a man who has described himself to be more a businessman than a politician, is a remarkable twist in the fortunes of the Socialist party. Dr Bruno Kreisky, a formidable Chancellor between 1970 and 1983, used to say that a banker could never be Chancellor of his country. Dr Vranitzky shrugs off the idea.

"Reality evidently proves the contrary," he says in quiet unemotional tones. Circumstances have changed, he says. Dr Kreisky, who has continued to wield substantial influence in his party, often to Dr Sinowatz's embarrassment, now talks of going into "internal exile." It is a sign of the times and an indication of the deep crisis of Austrian socialism.

At 48, the athletic looking Dr Vranitzky—the once played in his country's national basket-

Man in the News

Dr Franz Vranitzky

Socialist banker aims for the centre

By Patrick Blum in Vienna



ball team—is one of the youngest ever Austrian Chancellors. His low-key style meets public approval and he is respected as an able and hard working administrator. Dr Vranitzky will have many obstacles to overcome. He lacks a strong party or trade union base and he will have to rely on the party leadership to secure support for his policies. He will benefit from a recognition that without changes the party is doomed either to have to share power with the

people's party — an increasingly unattractive prospect within Socialist ranks — or to have to relinquish power altogether. Dr Vranitzky's style and approach may win him support from many who had lost confidence in Dr Sinowatz but he faces an uphill battle to convince his own party. His brand of politics is far removed from traditional industrial socialism. His own vision of socialism as economic efficiency and the welfare state with the emphasis on

efficiency is not popular among left-wing circles. He would best describe himself as a "humanitarian socialist," but his left-wing critics dismiss him as a "pragmatist" and a "technocrat," as one more concerned with a return on investment than with preserving social welfare and jobs.

"Pragmatism is not necessarily a bad word," he says. In the present circumstances it is no longer possible to go on throwing government subsidies at

state industries that show themselves unable to make money. Asked about his own vision of socialism in Austria, he pauses, hesitates, then returns to his own practical recipe. "By increasing efficiency and profitability, including the public sector, we can create the conditions for further development," he says.

"We have a very strong social security net. I believe that by running an efficient economy we do the best to safeguard the social security net."

He adds that a "middle way" can be found between economic necessity and the need to preserve social gains and meet environmental concerns. Dr Vranitzky's approach may fit in with the general reorientation of the left in Europe, but for Austria's socialists it is a big leap and one that may be acceptable only because the party itself realises that the popular mood has shifted to the right.

After 16 years of socialist rule marked in recent years by a string of scandalous economic misdeeds in the nationalised industries and cases of corruption among leading public figures, Austrians are looking for change.

Dr Vranitzky recognises this but circumstances are not in his favour. The party has lost ground among its traditional supporters in industry and among the young who identify it with bureaucracy, patronage and corruption. Party organisation has hardly changed since the 1950s and officials and functionaries are old and set in their ways. All of which has combined to make the party unattractive to the younger generation.

The party has also lost ground among artists and intellectuals, a drift which Dr Vranitzky would like to redress by encouraging greater criticism and bringing the Government closer to the concerns of the intelligentsia.

He recognises that politicians are unpopular in Austria and this affects a ruling party more. He says he will concentrate on politics not on politicians, but politicians on all sides may well fall to see the distinction. It is likely to be a tough ride.

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John... [Handwritten signature]

Home truths from South Africa

By Michael Holman

WHEN, last October, the Eminent Persons Group on South Africa was set up at the Commonwealth heads of state meeting in Nassau, it was widely written off as a diplomatic device to paper over the gap between Mrs Margaret Thatcher and the rest of the Commonwealth over economic sanctions.

Now, however, it is clear that the group's 118-page report, a powerful, passionate indictment of South Africa today, is a watershed in the sanctions debate. From where, it may be asked, did this unlikely of groups draw its passion and its coherence?

Part of the answer is in the experience of the group in its travels inside South Africa. Criss-crossing the country in their own 12-seater aircraft and talking to a range of South Africans from President Botha to the Crossroads squatters, they concluded that Pretoria's reform programme, while making welcome changes, left the pillars of white domination intact.

They also, to a small degree, shared some of the humiliation of apartheid. "It was essential that a white member of the group go first into any restaurant to fuss the place out," says one official who worked with the group.

Their conclusions—a clear call for further economic measures against Pretoria—now forms the yardstick against which western policies will be judged, and provides ammunition for the growing sanctions lobby.

The key movers in the group were determined above all that they would not be subjected to the foot-dragging which has dogged western efforts to mediate over Namibia's claim to independence.

Although the group modestly disclaimed the title of eminent persons, all were of note: Malcolm Fraser, the former Australian prime minister, and General Olusegun Obasanjo, the ex-Nigerian leader, were co-chairmen. Britain nominated Lord Barber, former Chancellor and chairman of Standard Chartered Bank with large South African interests.

Their low key approach paid dividends, for they overcame both Pretoria's hostility and fears of anti-apartheid leaders that the mission was a device to stall action on sanctions.

They also worked as a team, Lord Barber finding a rapport with businessmen, General Obasanjo with the military and also as an approachable, unassuming man welcomed in the townships, while Archbishop Scott and Dame Nina Barrow had an affinity with church groups.

It was established early on that Mr Fraser and General Obasanjo would be key figures, both passionate in their opposition to apartheid. The reaction of Lord Barber was important. At first it was thought this former Conservative Party chairman with close business ties with South Africa would reflect Mrs Thatcher's stance.

This turned out to be wrong. Lord Barber was profoundly shocked during the group's mission. Undoubtedly his endorsement of the report will carry special significance for Mrs Thatcher.

It was the impact of their shared experience in South Africa which brought the group together. The report is studied with examples of incidents: in Port Elizabeth intelligence agents stalked out the hotel where the group was to meet anti-apartheid activists whom police wanted to detain. In the northern Transvaal they helped a mother locate her son of 14, held at a police station. He emerged limping, bruised, and his face splattered with blood.

On occasions black members of the group "blended with local residents" as the report puts it, and walked past armoured cars into tense areas.

The Group has a final function: to lobby western governments holding out against sanctions. France, West Germany, the US and Britain—so to think again.

If Mrs Thatcher ever saw the EPG as a device to get off the sanctions book, it has backfired with a vengeance.



Lord Keith (left) and John Robb: Crucial chemistry

Beecham takes the medicine

By Martin Dickson

SACKCLOTH and ash are not a style of dress readily associated with Beecham Group, the British pharmaceuticals and consumer products multinational.

Buoyed up by its reputation in the 1960s and early 1970s as one of the UK's great post-war industrial success stories, the company has long seemed to outsiders complacent, inward-looking, over-sensitive to criticism and a touch arrogant.

All that has suddenly changed: A contrite new Beecham, confessing past errors and professing a determination to try harder, was on display this week as it unveiled plans to sell off non-core business following a major strategy review.

The round of predatory self-criticism was led by Lord Keith of Westbury, Beecham's temporary chairman and a businessman known more for an acid tongue than a highly developed sense of humour.

"We're more conscious than ever before that we have disappointed shareholders by flat earnings," he declared. "We're not saying we know we've been reasonably confident we know what we're doing."

This abrupt change of corporate mood dates from last November, when Lord Keith, then the senior non-executive director, led a boardroom coup that unseated Sir Ronald Hatfield after only 15 months as chairman and chief executive.

Extraordinary, Lord Keith had only a few months before played precisely the same role at STC, the troubled telecommunications group, where he is also non-executive chairman.

But most remarkable about the Beecham upheaval was that it came out of the blue at a time when the company was playing an immediate state of crisis (like STC).

Nevertheless, City criticism of the company's financial performance had been mounting, and within the group a feeling had grown that Sir Ronald was not facing the company's long-term problems, many of which pre-

dated his elevation to the chairmanship. Sir Ronald rebuts these accusations, feeling that he has been made a scapegoat for the errors of the past.

Whatever the truth, the dramatic manner of his departure focused attention on Beecham's weak spots and has made it a particularly juicy potential takeover target.

All this has given added urgency to the strategy review unveiled this week. Although the contents were hardly surprising, they were welcomed in the City as a step in the right direction and as displaying a new sense of realism.

Nevertheless, there are many questions still to be answered. Not the least of the questions is the future leadership of the group. Beecham has been looking for a new executive chairman ever since November's coup—first in Britain and now in the US, where it was on the point of signing someone five weeks ago when personal problems made him suddenly unavailable.

Talks are under way with two other candidates, but neither has the pharmaceutical background which the company ideally wants.

The group is also without a finance director, having shifted the long-time incumbent, Mr Ted Bond, to line management. A replacement will not be appointed until the next chairman is chosen, which has caused some raised eyebrows in the City.

Crucial to the company's future will be the generation of the right chemistry between the new chairman and Mr John Robb, who suddenly found himself thrust into the position of chief executive in November's coup and has been a key figure in drawing up the strategy review.

50-year-old, down-to-earth Mr Robb, who speaks with deliberate authority, has impressed many analysts as a tough realist, with his own strongly held ideas. He is not seen as Lord Keith's puppet. However, as a protégé of Sir Ronald, he lacks a detailed knowledge of pharmaceuticals.

Some City analysts believe his performance has been sufficiently strong for Beecham not to need an executive chairman, particularly since the ideal candidate has been so hard to find.

The strategy review and the new chairman will implement two major components. The first is to strip Beecham back to the core businesses it knows and does best. One is medicines, both prescription drugs, notably antibiotics and painkillers that can be bought over the counter, such as Beecham's Fowler, Veno cough mixture and Germalen, the antiseptic ointment. The other is personal care consumer products, ranging from Macleans toothpaste to Silvikrin shampoo.

With few exceptions, peripheral activities will be sold off. A west country milk round and an Irish food canning company have already gone. This week it put a "for sale" sign over its home improvements products division—which encompasses the well-known Unihond and Coppydex glue businesses—as well as a UK drinks business and an American cosmetics company.

Beecham only moved into DIY products three years ago—a diversification that it now acknowledges fell well short of expectations.

It is remarkable that these are the company's first substantial disposals for 20 years. "In the past," confesses Lord Keith, "management did not look with any thoroughness at where businesses were expected to go in five to seven years' time. For the first time we are saying 'do we really want to be in that business?'"

The company is also adopting stricter performance criteria across the board. It has been cutting back on factories, offices and staff numbers, with 1,850 jobs going last year and more expected this year.

As for the remaining core activities, Beecham's international reputation as a manufacturer and marketer of consumer health products remains high, while it is also showing

good growth in its over-the-counter medicines business. But there are weaknesses on the pharmaceutical side and the second prong of the new strategy is to restore this business to strong growth.

Beecham entered the pharmaceuticals industry in dramatic fashion in the 1950s when it developed a new family of penicillin antibiotics. But it failed to capitalise on this success through the 1970s. Growth has slowed markedly over the past few years. Lord Keith acknowledges that insufficient money was put into pharmaceuticals research, though he promises this will now be rectified.

Despite these criticisms, the pharmaceutical side has some promising new medicines coming through, including nabumetone, an anti-arthritis product, and embase, a new heart-disease drug.

"The research pipeline is substantially improved and is perhaps the best in the UK," says Capel's Robin Gilbert. However, none of the drugs are blockbuster drugs that will radically transform the profit picture, as Zantac, the anti-ulcer drug, has done for Glaxo.

After reporting flat 1985-86 pre-tax profits this week of £304m and static earnings per share for the fourth year running, Beecham remains vulnerable to a bid.

However, the signs of a tougher management attitude and a disposal programme may make a predator think twice, as should the knowledge that anyone would be hard pressed to squeeze a much better performance out of the consumer products side.

Among British companies, ICI is thought to have cast covetous eyes over the pharmaceuticals division. But it would not want the consumer products side. Its shares have a more lowly rating than Beecham's, which means it would need a large cash element in any bid. Unilever, which might want the consumer products side, would face the same ratings problem and probably run into monopoly complications if it pounced on Beecham, which currently has a £3bn market capitalisation.

Likelier bidders, perhaps, can be found across the Atlantic. This week's events have made that possibility recede, but the threat is still there, and a predator could pounce if Beecham fails to deliver on this week's promises.

Crossroads on the Rand

From Mr J. P. McDonagh

SELEX (June 2) seems to be a pained stress the bleak prospects for the South African economy and to express gloom over our ability to attract fresh capital from overseas.

It requires no special acumen to perceive, even thousands of miles away that South Africa is passing through an extremely difficult phase. Indeed, can past reform take place anywhere or anyhow without concomitant severe problems? It seems to me that in a new paper with the standing of the Financial Times the Lex comments would have been more meaningful and more insightful, had they equally emphasised the vital need to maintain the capital base of our economy—in the interests of the West as well as South Africa.

Already in the wake of the world recession major areas of our industry have been seriously depressed, notably textiles, building and construction, and motor vehicles. Boycotts and sanctions, imposed or threatened, can only aggravate the problems of unemployment and the population explosion.

Campaign denied by nurses' leader

From the General Secretary, Royal College of Nursing. Sir—Your reputation for perceptiveness and accurate reporting of trade union affairs has come a cropper (June 7) with a serious misrepresentation of the Royal College of Nursing's political activity.

Letters to the Editor

political independence and the strength this provides. We will work with any government that supports us and fight any government that undermines it.

The oarswomen of Downing. From Mrs E. Mann. Sir—in his otherwise excellent article on the Downing College Boat Club (June 7) John Spurre fails to mention two female members of the college who have achieved great distinction in the sport of rowing.

Three bites at the cherry. From Mr R. Bonnot. Sir—the poor showing of British footballers in Mexico might give us cause to reflect on the practicability—and fairness—of Britain fielding three national teams in the World Cup.

Why skilled wages tend to 'creep' up in Britain. From Mr D. O'Shea. Sir—Anthony Harris demonstrated his usual clear-sighted analysis in "The Long View" last Saturday on the topic of UK wages.

The cost of high jinks in Holborn. From Mr G. S. Hatjoulis. Sir—I note, with considerable concern, that Mr Scott-Durward, chief general manager of the Alliance and Leicester Building Society, proposes to reduce visual boredom in the red street by making the society's High Holborn branch office in London a landmark of modern commercial architecture.

The reluctant jobber. From Mr A. J. Hodder. Sir—The firm of solicitors of which I am a partner has been instructed to act in connection with the winding up of the estate of a deceased client. I am arranging for the deceased's various investments to be realised.

A penalty for free banking. From Mr L. S. Gostlin. Sir—I recently received a statement from a self-styled earphone oriented clearing bank. As a penalty for inadvertently being overdrawn for five days, an overdraft fee of £5 was imposed, plus a maintenance fee of £2.50, together with the normal interest and cheque-clearing charges.

non-payment of interest due to high and rising unemployment while the Government is compensating the proportion of mortgage interest that is not covered by the DISS for those unemployed. If the society wishes to use my funds to pursue a more socially benevolent policy I would prefer it to be manifested in a more enlightened attitude to the victims of the present economic situation rather than brightening up Holborn. Those who have to suffer the visual boredom of High Holborn are presumably employed and thus have ample compensation for this torture.

Shares (thus also creating more business for the bank). But British, Irish, and Spanish, individual shareholdings and loans for such share purchases.

A large proportion of shares might thus remain in the ownership of account holders, who would take an active interest in determining the aims and management style of the bank.

Such a scheme, I suggest, could prove a realistic way of allowing the bank to meet modern trading conditions while remaining true to its founding principle, namely that it should exist for the benefit of its users.

Will the protagonists in the flotation battle accept this as a reasonable and constructive compromise? John Eines, 30 Leonard Road, St Leonards-on-Sea, E. Sussex.

New approach to the TSB flotation. From Mr J. K. Bines. Sir—Your banking correspondent reported (June 9) the counter-proposals of the TSB Depositors' Association to the intended flotation of the Trustee Savings Bank.

One wonders what proportion of the bank's account holders this group represents, and to what extent their proposals would be acceptable.

As one who would not wish the TSB to become merely a replica of the other clearing banks, I suggest a different approach, namely to give account holders an absolute priority in the purchase of all the bank's shares at the coming flotation. Only those shares, if any, not wanted by account holders should be sold to outside individuals and institutions.

To encourage account holders the bank should give loans to assist in the purchase of its shares.

a co-ordinated state policy of craft training for all (though we are beginning to try in this respect) and industry on the whole has shirked the task of supplementing the deficiency—for which it cannot be blamed. When goods rise in price it is reasonable to assume that demand is greater than supply. I suggest that the supply of skill is always more limited in the UK, so that whenever any sort of reasonable growth in industrial production is demanded, it encounters this deficiency.

With the protagonists in the flotation battle accept this as a reasonable and constructive compromise? John Eines, 30 Leonard Road, St Leonards-on-Sea, E. Sussex.

As an investor in this society I am presumably contributing to the cost of Mr Durward's architectural ambitions! My main concern, however, is that such a proposal should come about at a time when building societies are achieving record foreclosures on mortgagees for

enough pool of general training to avoid regular shortages and bottlenecks; and therefore there is a constant tendency to bid up the price.

This is so fundamental to our society that Mr Harris's use of the word "cultural" might almost be justified. But one hopes not. Without changing our culture we could do a lot about our training. However, this needs massive government support, a lot of money up front, and a period of some years with no immediate return, before the syndrome of shortage is broken and firms no longer have to "poach" skills but merely develop them.

D. O'Shea, 88 Palenell Park, SW14.

Bludgeoning people like this to monitor their accounts closely, ensuring that they are permanently in credit, will surely prove counter-productive and lead to loss of business.

Lionel Goslin, 2 Wyke Oliver Road, Weymouth, Dorset.

Letters to the Editor

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BUILDING SOCIETY RATES

Table listing various building society rates, including Abbey National, Ald to Thrift, Alliance and Leicester, Anglia, Barnaby, Bradford and Bingley, Bristol and West, Britannia, Buxton, Catholic, Century (Edinburgh), Chelsea, Chestnut and Gloucester, City of London (The), Coventry, Darlington, Forest Saffron, Gateway, Greenwich, Halifax, Heart of England, Hemel Hempstead, Heston, Hinchley and Rugby, Lamberth, Lammington Spa, Leeds and Holbeck, Leeds Permanent, London Permanent, Midlands, Middlesbrough, National Counties, National and Provincial, Newcastle, Northern Rock, Norwich, Pexidon, Peterborough, Purton, Portsmouth, Property Owners, Scarborough, Skipton, Stratford, Sussex County, Thrift, Town and Country, West, Woodwich, Yorkshire.

UK COMPANY NEWS

ISC makes £70.5m cash call

BY TERRY POVEY

International Signal & Control, the US-based defence, electronics and communications company which is quoted on the London and Luxembourg stock exchanges, is raising £70.5m in an one-for-four rights issue in order to repay debt and to support the group's increased sales level, much of which needs backing from performance bonds and guarantees.

The issue is priced at 215p and is being made at a discount to Thursday's close of 266p. Yesterday, after the announcement of the rights and of a 16 per cent increase in pre-tax profits to £46.5m for the year to end-March 1986, the shares rose 27p to 293p.

The issue is being under-

written by bankers Robert Fleming and International Signal's directors are subscribing for 5.3m shares, almost all their entitlement.

In a statement International Signal said that the group's order book had risen from \$492m at March 1985 to a current \$768m (£504m).

Much of the group's work is on government contracts and performance guarantees, backed by its capital base, have to be given. At present some \$237m in such bonds are outstanding. The additional funds from the issue will give backing for further contracts.

The proceeds will be used to reduce group debt. At May 16

the company had \$55.9m in short-term obligations and almost \$126m in long-term loans due after one year—much of which has arisen from the completion payments on the \$34m purchase of SLEL of Italy.

International Signal reported sales of \$444m for 1985/6, against \$301m, of which \$93m was contributed by SLEL, which was consolidated for the full year. Earnings per share rose from \$0.176 to \$0.213 and the total dividend to \$0.03, against \$0.025.

Sales in the group's base areas, the US, UK and Italy, accounted for two fifths of the total, Mr James Guerri, chair-

man, said that recent setbacks suffered in space programmes did not mean that the sector was not one in which it could grow. Defence contracts account for two thirds of the group's business, civil areas for 20 per cent and space related for 15 per cent, he added.

The company is planning further acquisitions. Since its year has acquired Electro-Magnetic Processes Inc of California.

The group is looking at a number of possibilities in the electro-optics, command, communication, control and intelligence, electronic counter-measures technology and micro-wave areas, said Mr Guerri.

Sea Lex

Union calls for talks on Plessey bid rumours

By David Thomas and Charles Batchelor

Tass, the manufacturing union, yesterday called for a meeting with Sir John Clarke, chairman of Plessey, to discuss reports that a foreign electronics group might make an agreed offer to rescue Plessey from GEC's unwelcome takeover bid.

Mr Larry Brooke, Tass national organiser for the electronics industry, said there was some evidence that Plessey had held discussions with Siemens of West Germany, CGE of France, Ericsson of Sweden and even AT & T of the US about an alternative to GEC's £128m bid.

Plessey issued a statement denying it had held any talks with a foreign company which could lead to the acquisition of Plessey. The company said it had received no representations from Tass but would be delighted to see union representatives.

The GEC bid, launched last December, has formally lapsed following the Government's decision to refer it to the Monopolies and Mergers Commission. The commission is expected to report in July, with an announcement from the Department of Trade, probably in August, on whether or not the bid can go ahead.

Mr Brooke said he had taken up reports about Plessey's discussions with union officials on the Continent and they had said it was their understanding such talks were taking place.

Stockbroking analysts said yesterday the union might have been misled by talks between Plessey and foreign manufacturers about a common standard for digital switching equipment which had been going on for the past year.

Tass has written to other unions with members at Plessey asking their agreement to seek a joint meeting with Sir John Clarke. The Transport and General Workers Union and the white collar union, ASTMS, had expressed their support.

Mr Brooke said: "The unions and our members at Plessey have been very much against the GEC-Plessey merger and the company has been encouraging workers to oppose the proposal. We want to know whether there is something else happening which we might find even worse."

Fergabrook £1.75m in red—disposals and £2m rights

BY LIONEL BARBER

Fergabrook, the troubled toy and toiletries distributor, yesterday announced a £1.75m pre-tax loss for 1985 together with a series of proposed disposals and a £2m rights issue to restore profitability.

Fergabrook also disclosed that in five months ended May 31 1986, the group incurred further pre-tax losses of £1.75m, mainly due to heavy losses at its Rainbow toy subsidiary and write-offs in other subsidiaries.

The mini rescue package comes just one year after Fergabrook announced an ambitious £5.4m diversification into DIY aimed at reducing the group's dependence on the toy market. As a result turnover in 1985 doubled to £40.8m.

Mr Richard King, Fergabrook chairman, said that the purchase of Tritrade in May 1985 had overstretched management. Tritrade's financial position had been far worse than expected.

Fergabrook shares fell 10p to 18p, but recovered slightly to close at 23p capitalising the group at £4.1m. When the group was listed on the unlisted securities market in September 1984, the shares were placed at 74p.

The group is proposing to sell Clifford B. McGuire, a distributor of perfume, cosmetics and jewellery to duty-free shops, and Lancaster & Winter, steel stockholders. Together with property disposals and the rights issue, this should reduce gearing from its current level of 107 per cent to around 46 per cent, Mr King said.

Fergabrook intends to raise £2m by issuing 12 per cent convertible unsecured loan stock

1992.97 at a rate equivalent to a conversion price of 30p per share. It will be allotted as £2 nominal of loan stock for every 25 ordinary shares held. The issue has been underwritten by Furman Selz Mager Dietz & Birney Inc, a member of the New York Stock Exchange.

Clifford B. McGuire was bought by Fergabrook in February 1985 from the McGuire family which received 1.4m in Fergabrook shares as consideration. It made £261,000 before tax on £5.2m turnover in 1985 and paid £300,000 in dividends to Fergabrook. It is to be sold for £350,000 in cash, payable by instalment, back to Mr C. B. McGuire, who has since resigned as a Fergabrook director.

Lancaster & Winter, which made £161,000 before tax for the nine months ended December 1985, is to be sold for a maximum £625,000 in cash.

Mr King said Fergabrook's management had been significantly strengthened by the appointment of Mr C. H. M. Adams, a former managing director of Tate & Lyle International, as managing director. Mr Christopher Armstrong has been appointed deputy chairman of the group.

Mr Armstrong is a partner of Henry Strong & Co, chartered accountants, which receive £141,988 in fees in connection with the purchase of Tritrade. He is also a director of Charterhouse Mercantile Securities which has received £108,125 in consultancy and accountancy fees for assisting in the Tritrade reorganisation.

LOFs cuts loss to \$0.17m in second half

London & Overseas Freighters, the troubled UK tanker group, incurred significantly lower trading losses of \$165,000 in the second half of 1985-86, the company's best half-yearly result since September 30 1980 and a substantial improvement over the immediately preceding periods.

The company partly attributes the loss reduction to the disposal over the last three years of unprofitable assets which would still have remained unprofitable, and partly to a continuing upward trend in the earnings of its two remaining vessels, London Spirit and London Victory.

However, despite a more encouraging trading outlook for oil tankers complemented by reductions in operating expenses, the company warns that its balance sheet remains sound even on the basis of the net book values of its two vessels, which are significantly in excess of their current market values.

In addition, the company says that the voyage charter market is notoriously volatile and it cannot be assumed that current trading levels will continue.

It is therefore by no means certain, the directors state, that the company will be able to meet the loan repayment instalments that will fall due towards the end of 1986, without a further rescheduling of obligations.

Last December, LOFs announced that it had reached agreement with its bankers to reschedule part of \$44.32m of debt. This, the company said, gave it the opportunity to continue trading with a smaller fleet in order to take advantage of any upturn in freight rates.

For the year to end-March 1986, the group's pre-tax losses totalled \$12.6m (£8.5m), which took account of \$6.3m of losses on ship disposals in the first half. The result compares with losses of \$9.46m in 1984/85. Attributable losses were \$14.7m (\$9.24m) after redundancy expenses of \$1.65m.

Blagden sells plastics business

BY LIONEL BARBER

Blagden Industries, the steel drum manufacturer, has agreed to sell its plastics business at Billericay, Essex, in a deal worth around £7m, after tax.

The buyer is Lio Pac Mouldings which is acquiring three businesses—trading as Ball Plastics, Henry J. Peters (Billericay), and BEF Products (Essex).

Lio Pac is paying £4m in instalments for plant, stocks and one of the manufacturing sites. Two other Blagden properties are to be placed on the market and expected to fetch a total not less than £3.25m. In addition,

some £400,000 of working capital is expected to be released, net of closure and redundancy costs, Blagden said.

In 1985, Blagden's plastics and mouldings business which is to be sold made a pre-tax loss of £919,490, including an exceptional item of £290,000 relating to work ceasing in Clacton.

Blagden, which declared £4.16m pre-tax profits on £119.6m turnover for the year to December 1985, last year raised £18.1m to finance expansion via a novel offer for sale which doubled its market capitalisation. Yesterday, it said

that the plastics disposal would reduce group indebtedness and strengthen the balance sheet.

The novel share issue, devised by N. M. Rothschild, rolled together elements of a rights issue, a fixed price offer and a tender, was aimed to fund the purchase of a group of European steel drum companies for about £25m.

Though the issue was oversubscribed eight times, with a striking price of 130p, investors have been disappointed with Blagden's subsequent performance. Blagden shares closed yesterday unchanged at 116p.

Bad weather hits Taylor Woodrow

At the annual meeting of Taylor Woodrow shareholders were told that the UK weather had not helped the current year's profits, but the group was making a determined effort to beat 1985.

Last year the group pushed up its turnover from £750m to £820m and its pre-tax profit from £44m to £53.6m.

Mr Frank Gibb, chairman, said the construction market was very competitive but the group was obtaining its fair share of work. Some traditional overseas markets had suffered in countries with much reduced oil revenues, but others, such as North America, had opened up.

In the UK renovation had become an important part of the business and there had also been an increase in the number of construction management contracts.

Future work load was similar to the previous year's and exceeded £1bn, the majority of which would pass through the group's accounts.

Alfred Preedy

Alfred Preedy & Sons has agreed to sell its wholesale business to Palmer & Harvey for about £2.5m. Preedy says this will allow it to concentrate on its core trading activities.

In the year to end-March 1985 the wholesaling business made operating profits of £119,000 (£81,000) on turnover of £39.6m (£35.1m).

Siebe argues industrial logic of £216m offer

Siebe, the safety products and engineering company, which is making a £216m takeover bid for APV Holdings, the process engineer, outlined the industrial logic of its bid in its revised offer document posted yesterday.

APV appeared to have misunderstood the sort of business Siebe was in and the sort of products it manufactured and sold, Mr Bill Pybus, Siebe chairman said.

Siebe rejected APV's charge that it was not like APV, a major supplier of control and filtration equipment to the food brewing and pharmaceutical industries.

It also denied APV's claim it sold a standard range of low value catalogued items, claiming that 75 per cent of its turnover was derived from specialised engineering products.

Siebe said many of its customers were the same as those supplied by APV. APV had claimed there was such a disparity there could not be a common sales approach. "In many instances we serve the same industries as APV, supplying large custom-engineered installations," Mr Pybus said.

Siebe defended its use of convertible preference shares in its offer, saying this sort of paper had been used by both Guinness and Hanson Trust in recent bids and also by Dixons in its bid for Woolworth. Dixons was being advised by S. G. Warburg, which was also APV's bankers, Siebe said.

Siebe noted it had "serious cause for concern" about APV's forecast of an 80 per cent rise in profits to at least £27m in 1986. There had been no forecasting of such a large rise and analysts had been forecasting a much smaller increase, Siebe said.

Siebe's revised offer comprises 63 convertible preference shares for every 10 APV shares and a cash alternative worth 670p per APV share.

Tenby allocations

Tenby Industries share bids received 1,500 applications for a total of 11,616 ordinary shares—1.06 times the number offered.

Preferential applications for employees were received in respect of 83,275 ordinary shares and will be satisfied in full. Preferential applications from BSR shareholders were received in respect of 7,889 ordinary shares, of which applications for 2,000 ordinary shares (being the amount available for preferential applications by BSR shareholders) have been satisfied preferentially and the balance treated as non-preferential applications.

All applications for 300,000 ordinary shares or less will be satisfied in full. Applicants for more than 300,000 shares will receive about 91 per cent of the amount applied for.

Scapa keeps RFD options open

BY RICHARD TOMKINS

SCAPA, the industrial holding company which has a £26.6m offer on the table for fellow conglomerate RFD, yesterday gave formal notice that it might sell some or all of the 173,000 shares it holds in the group.

Earlier this week RFD's non-executive directors recommended shareholders to accept a previously contested £26m bid from Wardie Storeys, the plastic sheeting company, unless a higher offer emerged from another quarter.

The Wardie offer closes next Thursday and Scapa has not so far revised its bid. Yesterday Scapa would say only that it wanted to keep its options open and that the announcement had

Berisfords confirms forecast

Berisfords, the ribbon manufacturer, yesterday repeated that profits from property disposals would not contribute to this year's bullish profit forecast and urged shareholders to reject the £7.8m bid from Allied Textiles.

Mr David Mynors, Berisfords chairman, said that the proceeds from last week's property sale would exceed £1.1m, but this would not form part of a forecast of \$900,000 profits before tax for the year ending March 1987.

FT-Actuaries Share Indices

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Index No.	Index Name	Friday June 13 1986	Thursday June 12	Wednesday June 11	Tuesday June 10	Year ago (approx.)	High	Low	
1	CAPITAL GOODS (224)	719.90	+0.1	718.56	719.04	726.62	521.25	753.28	304
2	Building Materials (26)	1203.01	+0.3	1200.70	1199.21	1199.25	513.64	944.79	4.4
3	Construction (27)	783.00	+0.0	783.00	783.00	783.00	228.76	1228.76	2.5
4	Electricals (12)	1960.16	+0.6	1957.30	1955.53	1944.17	1942.87	2092.98	214
5	Electronics (31)	1667.48	+0.6	1665.88	1663.00	1662.19	1423.17	1794.33	304
6	Medical Equipment (6)	488.10	+0.1	487.39	487.39	487.39	422.95	516.43	221
7	Mechanical (12)	352.35	+0.4	351.54	351.54	351.54	343.95	363.95	6.5
8	Metal and Metal Products (7)	279.13	+0.6	278.51	278.51	278.51	266.06	306.06	6.5
9	Motors (16)	2599.13	+0.6	2596.41	2594.72	2593.00	1664.91	3066.06	6.5
10	Other Industrial Materials (22)	1289.57	+0.4	1287.17	1285.47	1283.75	958.48	1347.13	3.4
11	CONSUMER GROUP (129)	878.02	+0.5	876.52	875.02	873.52	663.16	1083.16	3.4
12	Brewers and Distillers (21)	924.25	+1.0	923.25	922.25	921.25	758.78	1045.25	3.4
13	Food Manufacturing (22)	654.38	+0.3	653.08	651.78	650.48	479.33	823.08	4.4
14	Office Equipment (12)	291.13	+0.3	290.83	290.53	290.23	264.73	316.23	3.4
15	Food Retailing (15)	1718.56	+0.9	1716.66	1714.76	1712.86	1494.34	1929.34	144
16	Health and Medical Products (8)	1591.44	+0.5	1589.54	1587.64	1585.74	1070.47	1615.15	174
17	Leisure (25)	884.76	+0.6	883.16	881.56	879.96	663.16	1093.16	2.4
18	Publications & Printing (31)	2664.54	+0.2	2662.64	2660.74	2658.84	1762.38	3512.38	9.6
19	Packaging and Paper (14)	669.34	+0.4	667.44	665.54	663.64	479.33	853.64	104
20	Stores (14)	815.62	+0.4	813.72	811.82	809.92	664.12	964.12	3.4
21	Textiles (18)	519.50	+0.7	517.60	515.70	513.80	379.41	653.81	3.4
22	Tobacco (12)	1063.17	+1.2	1061.27	1059.37	1057.47	829.43	1293.43	114
23	OTHER GROUPS (87)	780.79	+0.7	778.89	776.99	775.09	679.59	889.59	4.4
24	Chemicals (20)	683.43	+0.1	682.53	681.63	680.73	525.20	836.20	4.4
25	Office Equipment (12)	261.78	+0.3	261.48	261.18	260.88	235.30	287.18	3.4
26	Shops and Transport (12)	1879.20	+0.9	1877.30	1875.40	1873.50	1417.64	2329.14	3.4
27	Telephone Networks (12)	1592.76	+0.1	1591.86	1590.96	1589.06	1195.06	2000.06	4.4
28	Miscellaneous (48)	1026.81	+0.9	1024.91	1023.01	1021.11	844.54	1199.11	3.4
29	INDUSTRIAL GROUP (85)	637.61	+0.4	636.71	635.81	634.91	509.25	760.25	3.4
30	Oil & Gas (17)	1196.35	+1.1	1194.45	1192.55	1190.65	823.11	1563.65	295
31	NON-SHARE INDEX (50)	1864.53	+0.1	1862.63	1860.73	1858.83	1321.63	2373.63	141
32	FINANCIAL GROUP (117)	576.82	+0.3	575.92	575.02	574.12	462.96	686.12	141
33	Banks (7)	469.16	+0.1	468.26	467.36	466.46	371.46	561.46	141
34	Insurance (Life) (9)	793.24	+0.0	792.34	791.44	790.54	664.14	916.54	115
35	Insurance (Comp) (7)	458.20	+0.3	457.30	456.40	455.50	364.10	548.50	144
36	Insurance (General) (19)	1139.68	+0.1	1138.78	1137.88	1136.98	913.22	1359.68	136
37	Merchant Banks (3)	326.67	+0.1	325.77	324.87	323.97	273.97	374.97	194
38	Property (11)	764.91	+0.1	764.01	763.11	762.21	624.11	902.91	9.6
39	Other Financial (23)	316.62	+0.1	315.72	314.82	313.92	251.92	377.92	4.4
40	Investment Trusts (102)	742.09	+0.1	741.19	740.29	739.39	581.39	900.39	141
41	Mining Finance (3)	269.16	+0.1	268.26	267.36	266.46	215.46	321.46	215
42	Overseas Trusts (14)	658.99	+0.2	658.09	657.19	656.29	514.29	797.29	7.4
43	All-Share Index (734)	701.83	+0.4	700.93	700.03	699.13	616.44	829.39	3.4
44	FT-Share Index (4)	1582.4	+10.6	1571.8	1561.2	1550.6	1075.9	2171.6	3.4
45	FT-100 Share Index (4)	1582.4	+10.6	1571.8	1561.2	1550.6	1075.9	2171.6	3.4

Henry Boot sells two loss-makers

Henry Boot, the civil engineering and property group, has sold Rothervale Joinery and Rothervale Trading for £9m, of which £5m represents the repayment of inter-company loans.

The companies—which lost £450,000 last year—were considered by Henry Boot to be in a low growth sector not meriting further capital investment. "The sale of the companies to groups with a significantly greater presence will be in the best interests of the 650 employees of the Rothervale companies and the Henry Boot shareholders," it said.

Rothervale Joinery together with the freehold of the Woodhouse Mill factory at Sheffield has been sold to John Carr Doncaster (a subsidiary of Rogby Portland Cement) and Rothervale Trading has been sold to Mallinson-Denny.

The proceeds of the sales will go to reducing Henry Boot's net borrowings. The book value of the two companies along with the freehold was calculated at £7.2m at the end of 1985.

The difference between the sale price of £9m (excluding the loan) and the book value will be dealt with in the 1986 accounts through an extraordinary charge of £1.3m and a reduction in the property revaluation surplus of £1.6m.

J. Ferguson expansion

James Ferguson, the financial services and property group, run by 25-year-old Mr Guy Cramer, has announced two further moves into the financial services sector.

The company said yesterday: "Discussions on the development of areas of mutual interest with Barlow Clowes and Partners (the City investment group) are expected to culminate in the acquisition of the Barlow Clowes gilt income plan

Acquisitions lift Hawtin

The directors of Hawtin are pleased with the progress of Roofing Centres and Eastland Construction, two recently acquired companies, and say they should create further impetus to the steady growth of the group.

In the half year ended March 31 1986 those companies have contributed £238,000 to a group pre-tax profit of £632,000, compared with £20,000 for six weeks towards an overall figure of £225,000.

The half year was affected to some extent by the costs of transferring Stewart Singlam Fabrics to new premises. Production was also affected by the discontinuance of tricot yarn.

However, benefits of moving Gul Wet Suits to new premises have exceeded expectations.

Group turnover in the half year came to £10.54m (£10.54m) and gross profit reached £2.59m (£2.32m). Earnings were 6.8p per share (6.81p).

Interest in respect of Hawtin Park amounting to £90,000 (£85,000) has been capitalised. Agreement has been reached in principle for its disposal.

A. Cohen tumbles 48%

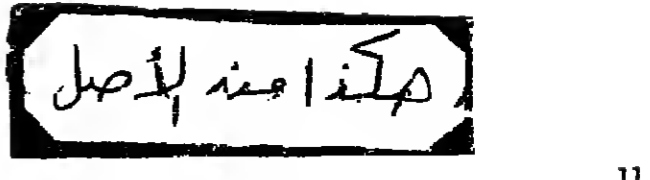
Pre-tax profits at A. Cohen & Co., maker of non-ferrous metal ingots, dropped by 48 per cent from £2.42m to £1.26m in 1985, on reduced turnover of £48.81m, against £54.46m.

Profitability was substantially affected by adverse trading results in the UK and a reduction to the sterling value of the Australian dollar of one-third during 1985.

However, the UK results have started to reflect changes made last year and a return to more normal trading conditions,

BANK RETURN

LIABILITIES	Wednesday June 12, 1986	Change since previous week
Capital	£1,588,000	+ 1,081,641
Public Deposits	75,236,715	+ 88,950,444
Borrowings	924,780,691	+ 45,115,518
Reserve and other Accounts	1,236,091,493	+ 30,882,807
2,544,816,900	+ 32,960,910	



INTERNATIONAL COMPANIES and FINANCE

CURRENCIES and MONEY

LOF's... loss to \$0.17m... second...

AT & T launches L100bn Eurobond

By Clare Pearson AMERICAN Telephone and Telegraph yesterday launched a L100bn Eurobond...

Total seeks FF 3.9 bn in two-part funding operation

By PAUL BETTS IN PARIS CFP, the French Total oil group, is to raise FF 1.7bn (\$241.1m) in fresh funds...

Swedish Match starts year on firm note

By Our Financial Staff SWEDISH MATCH, the world's biggest producer of matches...

FOREIGN EXCHANGES Poor figures depress dollar

The dollar retreated from early highs in London yesterday following the release of disappointing US economic data...

Slide at Kuala Lumpur Kepong

KUALA LUMPUR Kepong (KLK), Malaysia's fourth largest plantation group...

Sharp reverse for Kone

KONE, the Finnish lift group currently bidding \$54m (\$58.7m) for Biddle Holdings...

Stora upgrades profits forecast

By KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM STORA of Sweden, Europe's leading forest products group...

Astra ahead after four months

By OUR FINANCIAL STAFF ASTRA, Sweden's leading pharmaceuticals group, posted pre-tax profits 11.4 per cent higher...

STERLING INDEX

Table with columns: June 13, Previous, 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

CURRENCY RATES

Table with columns: Bank, Special Drawing Rights, Euro, Japanese Yen, etc.

POUND SPOT - FORWARD AGAINST POUND

Table with columns: June 13, Day's spread, Close, One month, Three months, Six months.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table with columns: June 13, Day's spread, Close, One month, Three months, Six months.

Losinger again slips into red

By JOHN WICKS IN ZURICH LOSINGER, Switzerland's leading construction company, has recorded a net loss of SF 18.6m (\$10.5m) for the past year...

Allis-Chalmers to sell fork lift truck side

By William Hall in New York ALLIS-CHALMERS, the financially troubled process equipment manufacturer...

CURRENCY MOVEMENTS

Table with columns: June 13, Bank of England, Morgan Guaranty, etc.

OTHER CURRENCIES

Table with columns: June 13, Argentina, Brazil, etc.

EXCHANGE CROSS RATES

Table with columns: Jun 13, £/\$, £/DM, etc.

LONDON TRADED OPTIONS

Large table with multiple columns for various options: Allied Lyons, B.P., etc.

NORTH AMERICAN QUARTERLIES

Table with columns: BROWN-FORMAN, GRAND UNION, etc.

Public Works Loan Board rates

Table with columns: Effective June 15, Years, etc.

LADBROKE INDEX

1,517.1223 (+7) Based on FT Index Tel: 01-427 4411

MONEY MARKETS

Business ended as a quietish note in the London money market yesterday...

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. June 13, Three months US dollars, etc.

MONEY RATES

Table with columns: June 13, Frankfurt, Zurich, etc.

THE FINANCIAL TIMES is proposing to publish a survey on THE WATER INDUSTRY. Publication: Wednesday 9th July 1986. Copy Date: Wednesday 25th June 1986.

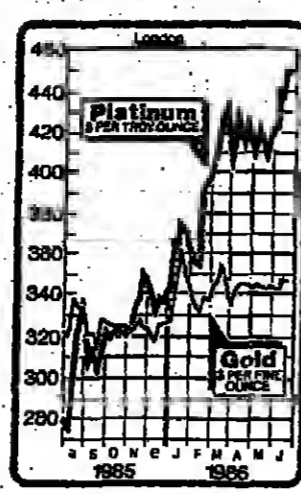
July 1977

Platinum price soars on S. Africa fears

BY RICHARD MOONEY

AFTER A period of relative calm in the platinum market...

metal over the intervening period. Since April 22 cash platinum had been carrying a premium...



Platinum and Gold prices from 1965 to 1977.

COMEX GOLD moved higher at midsession, while Nymex platinum futures were lower...

Table with columns: Close, High, Low, Prev. Rows include ORANGE JUICE, PLATINUM, SILVER.

MARKET REPORT Confidence begins to return after recent shake-out

Account Dealing Dates left Satellite Speakman a peony dealer at 70p.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Metals, Grains, Oils, etc.

INDICES

Table showing various indices like Reuters, Dow Jones, and Grains.

SOYABEAN MEAL

Table showing soyabean meal prices for different grades and origins.

NEW YORK

Table showing New York market prices for commodities like Aluminum, Cocoa, Coffee, etc.

CHICAGO

Table showing Chicago market prices for commodities like Live Cattle, Live Hogs, etc.

ALUMINUM

Table showing aluminum prices for different grades and origins.

GOLD

Table showing gold prices for different grades and origins.

COPPER

Table showing copper prices for different grades and origins.

ZINC

Table showing zinc prices for different grades and origins.

LEAD

Table showing lead prices for different grades and origins.

SOYABEAN MEAL

Table showing soyabean meal prices for different grades and origins.

COFFEE

Table showing coffee prices for different grades and origins.

COCOA

Table showing cocoa prices for different grades and origins.

SILVER

Table showing silver prices for different grades and origins.

NICKEL

Table showing nickel prices for different grades and origins.

MEAT

Table showing meat prices for different grades and origins.

PIGMEAT

Table showing pigmeat prices for different grades and origins.

MEAT

Table showing meat prices for different grades and origins.

MEAT

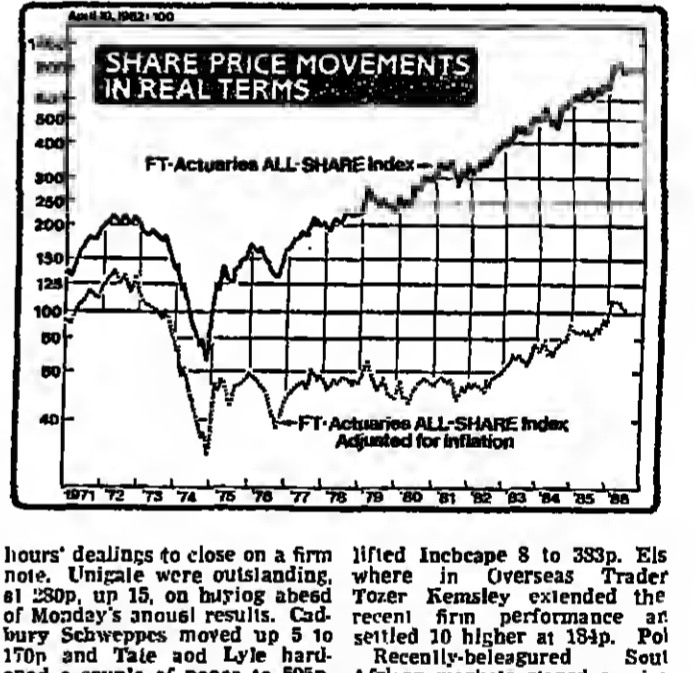
Table showing meat prices for different grades and origins.

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SHARE PRICE MOVEMENTS IN REAL TERMS. FT-Actuarial All-Share Index.

TRADITIONAL OPTIONS

Table showing traditional options for various commodities.

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July 1973

FT UNIT TRUST INFORMATION SERVICE

LONDON MARKET ISSUES

EQUITIES

Table of equity market issues with columns for issue name, price, and other financial metrics.

FIXED INTEREST STOCKS

Table of fixed interest stocks including government bonds and corporate debentures.

"RIGHTS" OFFERS

Table of rights and offers for various companies, detailing the terms of the offers.

Disclaimer and explanatory text regarding the data provided in the tables, including notes on data sources and accuracy.

EUROPEAN EXCHANGE

Table showing exchange rates for various European currencies and commodities.

Table of company shares and their prices, including a section for 'TOTAL VOLUME IN CONTRACTS'.

Granville & Co. Limited

Table listing company shares and their prices, with columns for company name, price, and other details.

AUTHORISED UNIT TRUSTS

Large table listing various authorized unit trusts, including their names, managers, and performance metrics.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance policies, organized in columns with headers like 'Company Name', 'Policy/Trust Name', and 'Value/Rate'. Includes sub-sections for 'INSURANCES' and 'UNIT TRUSTS'.

INSURANCES

Table listing various insurance policies such as 'AA Friendly Society', 'Abbeys Life Assurance Co Ltd', and 'Acton Life Assurance Co Ltd'.

UNIT TRUSTS

Table listing various unit trusts such as 'Aberdeen Unit Trust Managers Ltd', 'Aberdeen Unit Trust Managers Ltd (a) (c)', and 'Aberdeen Unit Trust Managers Ltd (b) (c)'.

INSURANCES

Table listing various insurance policies such as 'Abbeys Life Assurance Co Ltd', 'Acton Life Assurance Co Ltd', and 'Aberdeen Unit Trust Managers Ltd'.

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INSURANCE, OVERSEAS & MONEY FUNDS

Main table of financial data containing columns for fund names, descriptions, and numerical values. Includes sections for 'Standard Life Assurance Company' and 'Offshore and Overseas'.

OFFSHORE AND OVERSEAS

Main table of financial data containing columns for fund names, descriptions, and numerical values. Includes sections for 'Money Market Bank Accounts' and 'Traditional Options'.

Money Market Bank Accounts

Table listing various money market bank accounts with their respective details and values.

Traditional Options

Table listing traditional options with their respective details and values.

Notes

Notes section providing additional information and disclaimers regarding the data presented in the tables.

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Traditional Options

Table listing traditional options with their respective details and values.

July 1968

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, ICI, and various engineering firms. Columns include stock price, high, low, and volume.

LEISURE - Continued

Table of leisure and entertainment stocks including British Leisure, Rank Organisation, and other entertainment companies.

PROPERTY - Continued

Table of property and real estate stocks including British Land, Wimpey, and other real estate developers.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including various funds like British Investment Trust, etc.

FINANCE, LAND - Cont.

Table of finance and land-related stocks including various banks and financial institutions.

MINES - Continued

Table of mining stocks including various metal and coal mining companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including various automotive and aerospace companies.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including various truck and bus manufacturers.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks including various media companies.

SHIPPING

Table of shipping stocks including various maritime companies.

OVERSEAS TRADERS

Table of overseas trading stocks including various international trade companies.

PLANTATIONS

Table of plantation stocks including various agricultural and land management companies.

INSURANCES

Table of insurance stocks including various insurance companies.

PROPERTY

Table of property stocks including various real estate and construction companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various financial and real estate entities.

FINANCE, LAND, etc

Table of finance, land, and other stocks including various financial and land-related companies.

MINES

Table of mining stocks including various metal and coal mining companies.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including various local and Irish companies.

Notes and regional & Irish stocks section containing additional market information and company details.

Impeccable timing.

BAUME & MERCIER GENEVE 1830

FINANCIAL TIMES

Saturday June 14 1986

City Consortium AN OUTSTANDING REPUTATION FOR QUALITY

Ford, VW discuss S America link

BY TERRY DODSWORTH IN NEW YORK AND DAVID BROWN IN FRANKFURT

FORD and Volkswagen, two of the leading international motor manufacturers operating in South America, have opened talks on combining some production in Brazil and Argentina.

revenue of \$3.1bn (£2bn) up from \$2.8bn in 1984, while losses amounted to \$57m against a loss of \$110m in the previous year. In 1983, it lost \$193m in Latin America.

Teachers lift GCSE boycott

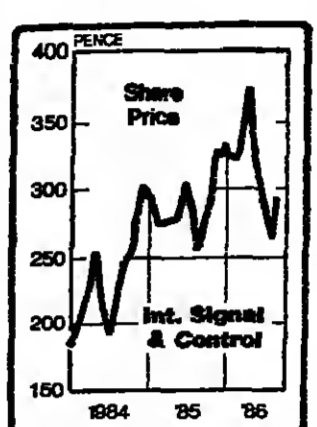
By David Brindle, Labour Correspondent

THE National Union of Teachers last night lifted its boycott of the General Certificate of Secondary Education, enabling the 16-plus examination to go ahead, as planned, in the autumn.

THE LEX COLUMN

Money, money everywhere

Index rose 9.6 to 1313.7



The absence of two aching teeth, rather than abundance of good news, made the London markets feel considerably happier yesterday.

inflation by piling up idle bank deposits, there need be no impact on prices or the balance of payments until the rate of interest on those balances far exceeds by the intangible sum of interest which might be earned from goods that the money can buy.

Ridley calls for revival of rented sector

BY MICHAEL CASSELL AND JOAN GRAY

BRITAIN'S PRIVATE rented housing sector has to be revived and expanded without allowing the "curse of Rachman" to reappear, Mr Nicholas Ridley, the new Secretary for the Environment, said yesterday.

and competed with other forms of housing to provide affordable accommodation. He said he was concerned about the predominance of local authorities in the rented sector. The Government was looking at new possibilities for housing associations to provide housing for rent or shared ownership which required lower subsidy levels.

RTZ sues two metal exchange brokers

BY RAYMOND HUGHES AND STEFAN WAGSTYL

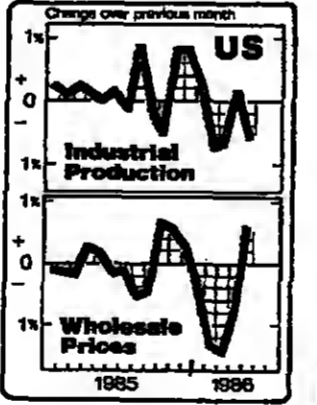
RIO TINTO-ZINC, the natural resources group, has raised a legal challenge to the London Metal Exchange's decision to impose a fixed price settlement in the tin crisis.

challenge to the settlement. Shearson Lehman Brothers and Shearson Lehman Metals, both part of the American Express financial services group, are suing two LME brokers and the board and committee of the London Metal Exchange.

US economy sluggish Continued from Page 1

food prices, and said the Administration expected "only modest increases" in producer prices during the summer.

level down to 9.3 per cent of its level of a year ago. The weak output figures and a sharper-than-expected rise in producer prices weakened the dollar, although it was steadied by the simultaneous surge in US bond prices.



CHIEF PRICE CHANGES YESTERDAY

Table with columns for item, price change, and percentage change. Includes items like Marshalls Halifax, Pearsons, and Thermal Scientific.

WORLDWIDE WEATHER

Table with columns for location, day, and weather conditions. Includes locations like Ajaccio, Algiers, Amman, Athens, and Avon.

MacGregor Continued from Page 1

outstanding revival, receives a knighthood. Mr Ralph Halpern, chairman and chief executive of the Burton retailing chain, which last year won a £560m takeover battle with Debenhams, also becomes a knight.

Liquidity

The flow of documents from the City warning of the pressures on institutional liquidity is becoming suspiciously broad and strident.

Mr Doug McAvoy, the union's deputy general secretary, said: "Because of the changed attitude of the Government and the more sympathetic approach, NUT members will now work constructively to make the best possible job of the introduction of the examination."

Unit Trust performance for the twelve months to 1st June.

Table with columns for Trust, Percentage increase in value, and Position in sector. Includes Japan, European Pacific, Worldwide Recovery, etc.

Large advertisement for Oppenheimer Unit Trusts, featuring a large vertical logo and detailed performance information.

Cloudy, F-Fair, R-Rain, S-Sunny. Moon GMT temperature.

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WEEKEND FT

Saturday June 14 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

Monday is the 10th anniversary of the black revolt that shook South Africa. Could there be a repeat? Anthony Robinson reports.

IN THE beginning there were Sophiatown and Alexandra and other townships within the Johannesburg city boundaries where people of all colours met, talked, listened in jazz, drank, quarrelled, made love and got along with each other. Then came the victory of Afrikaner nationalism in 1948. Before long, the bulldozers came to raze Sophiatown and government trucks queued to transport people and belongings to Meadowlands, a blight of brick matchbox houses with corrugated roofs in what is now a district of Soweto.

Blake Mofane, the late journalist, writer and exile, dedicated his classic *Blame Me on History* to his mother and "to the memory of my father, Joseph, who was killed by the Sophiatown which bulldozed into the dust." His book begins: "Something in me died with the dying of Sophiatown." A vital part of the life of Johannesburg died, too. But Soweto, the acronym of South West Township, kept growing until now this black city, sprawling over hundreds of acres of veld and guarded by the massive Doornkop military base, is home to an estimated two million people, among them many of the late Mofane's friends and politically conscious blacks in Africa.

Ten years ago, on June 16, Soweto exploded in fury after police fired on a high-spirited but peaceful march of around 20,000 black schoolchildren. They were marching to Orlando stadium to protest against a government edict that made Afrikaans a compulsory language of instruction. The first victim was 13-year-old Hector Petersen, but more than 700 people were to die in the 18 months of riots and savage repression which spread widely throughout the country before the rising was crushed. Thousands of young blacks fled the country. Many joined the African National Congress (ANC) in exile.

Those that stayed on received their political education during the rising. Some have become executives, lawyers, doctors, teachers and members of the growing black middle class; others are now trade union leaders or political activists. Resourceful, committed people, they drew important political conclusions from 1976 and have since built up the United Democratic Front (UDF) into a nationwide, anti-apartheid coalition of community action groups with deep roots in townships throughout the country.

They learnt more from 1976 than the Government which, when the present and continuing revolt against apartheid broke out in the Transvaal townships in September 1984, first thought that repression, with more sophisticated equipment and somewhat better riot control training, would eventually succeed again in rousing the flames.

Instead, the revolt has spread from the townships to the rural areas and the homelands. More and more black communities have killed or expelled those perceived to represent white authority—like "informers," black policemen and official community councillors—and created their own "alternative structures."

It was Soweto, the largest of all black townships and the one closest to white Johannesburg, nerve centre of the economy, which provided the spark and much of the violence and repression in 1976. Under the surface, many parts of it are seething now. However, compared with other townships, Soweto over the past 20 months has been relatively calm although it is an uneasy calm which the white authorities do not trust—hence, the Draconian new detention without trial amendments and banning of all public meetings connected with June 16 decreased recently by Louis le Grange, the hardline Minister of Law and Order.

One of the reasons is that Sowetans, in particular, have bitter memories of 1976. Another is that Soweto is too big to organise and control as tightly as the smaller townships elsewhere. Then again, its proximity to Johannesburg means that Soweto is the most prosperous township with a growing black middle class.

Despite this, however, most Sowetans are working class and poor. Such people rise early, and in the crisp winter months plumes of greasy coal smoke rise from countless chimneys in overcrowded houses as mothers cook breakfast and prepare their children for school before making their own way to the nearest Putco bus stop or taxi route.

The endless stream of blue-grey Putco buses, the ochre-coloured suburban trains packed to bursting point, and the fleets of black-owned combi taxis form the umbilical cords that tie Soweto to Johannesburg, the gleaming skyscrapers of which atop a ridge of gold-bearing reef rise into sight as soon as the exit roads merge with the three-lane motorway into town.

Putco is one of the township institutions. Founded nearly 50 years ago by a shrewd, hard-working Italian immigrant, its fleet of more than 3,000 buses carries over 350m blacks a year from their homes to their jobs in white homes, offices, and factories. One of the first signs of trouble in the townships is when Putco buses are stoned, forcing people to walk miles.

Soweto, like all the other townships that dot the Reef and surround white towns and cities across the country, was conceived as a dormitory, a place where blacks, reduced to humiliating status as drawers of wood and hewers of water for white employers, would sleep. That concept remains in the city ordinances,



showpiece of "concerned and committed black business." Conceived by the Urban Foundation, its well stocked library, teacher training and conference facilities are financed by a swathe of business sponsors ranging from the German Chamber of Commerce to IBM, AELI, Anglovaal and other big names of local and international business operating in South Africa.

One of its main functions is to provide expertise and facilities for upgrading black teaching skills, and support to black business. Several months ago it was the venue for a conference on the future of Soweto attended by a heavy of prosperous, self-confident black entrepreneurs looking forward to the day when Soweto would also have its thriving central business centre of skyscrapers shopping centres and facilities to rival Johannesburg itself. This is the kind of future envisaged by the Urban Foundation, which was set up by concerned business after 1976. It has provided much of the intellectual input, pressure and practical example that has prodded the Government into abolishing the hated influx control and pass laws.

Johannesburg. There, they mix with their white social counterparts and avoid the overcrowded, poor teaching standards and politics of the township's schools. Now, pressures are mounting on them to bring their children back to the townships and devote their energies to the struggle for educational improvement, which is, and always has been, one of the most important goals of black parents.

More than half the black population of South Africa is under 15 and, although urban living has reduced population growth among blacks, the youth factor is a key element in Sowetan society and politics; after all, it was the march by schoolchildren which led to the shooting that started the Soweto rising 10 years ago. Ever since, the schools have been hotbeds of political agitation. For many months last year, children in Soweto and other townships boycotted classes to support their demands for better education, democratic student representation committees and broader political calls for the removal of troops from the townships and parity with white schooling standards. "No to gutter education" and "liberalisation first—then education" were the slogans of the time.

In memory of Soweto

which insist that Putco deposits its passengers at bus stations on the periphery and prevents it from picking up or dropping them in the city, closer to their places of employment. Moves are now underway to repeal these restrictions.

Luigi Carco, grandson of Putco's founder, says: "The best way to turn an ordinary northern (white) suburb liberal into a raging bigot is to try to place a Putco bus stop close to his front door. Many people still expect their black workers to turn up on time and then melt away before dusk. Most whites still have no idea of the time and efforts made by their black maids, gardeners or other employees who often wake before dawn to be in town on time."

However, the rigid local ordinances of white Johannesburg City Council have opened up profitable opportunities for one of the most successful forms of black enterprise—the private combi-taxi service. Taxi fleet owners, funeral parlour proprietors, shebeen queens (owners of illegal drinking dens), liquor store licencees and the owners of football-crazy Soweto's leading soccer teams—like the Kaiser Chiefs and Moroka Swallows—are among the richest members of Soweto's emergent middle class. They, and the growing numbers of upwardly mobile educated blacks now rising into middle management positions and earning white professional incomes

in the big mining houses and foreign-owned companies, are the occupants of the smart, even opulent, big houses on the new owner-occupied estates like Plumville, Selection Park, Beverley Hills and Protea North which have mushroomed since 1976.

The Group Areas Acts, one of the pillars of apartheid, prevent Soweto's rising middle class from buying the homes that some of them could afford in the leafy white suburbs of Johannesburg. This means that many, perhaps most, of the most influential leaders of black South Africa live in Soweto.

Bishop Desmond Tutu's family home, for example, a large yellow bungalow with trim lawns, sits in a quiet residential street in Orlando East. Two hundred yards further up the hill, a modest brick house surrounded by a red brick wall and with a green corrugated iron roof is the home to which Mrs Winole Mankwani has returned after nearly a decade of internal exile and which her husband, jailed African National Congress leader Nelson Mandela, has not seen for more than 25 years. "Come the revolution, this house will become a national monument," says my guide, Tony Ngwenya, of the Soweto Future Centre.

The centre, a cluster of low-rise modern buildings close to Baragwanath hospital (the largest and best equipped black hospital in Africa), is a functional

Thanks to the 1976 riots and the Urban Foundation's subsequent pressure on government, banks and building societies, the drab, uniform, pre-1976 Sowetan of endless matchbox houses and grim, barrack-like, one-sex migrant hostels is now interspersed with DIY extensions and middle class housing estates. The newest estate, now nearly complete, is Protea North—more than 800 ranch-style bungalows and 1,800 serviced sites for architect-designed houses. It is situated at the far end of the township, next door to Protea police station with its barbed wire-topped security fence, riot police barracks and park armoured cars and other riot control equipment.

The brash young black salesman in the show house, selling properties ranging from R50,000 up to R220,000 (£13,000 to £88,000) says most of the buyers are either police officers and government employees or company employees enjoying company subsidised finance. "Apart from the queue of the house itself, the two main selling points are proximity to the police station and quick exit to the motorway without having to pass through 'deep Soweto' in case of trouble," he adds, with a straight face.

His sales patter reflects how the past 10 years have brought the politics of colour to the fore. If the Government has accepted much of the philosophy of the Urban Foundation, it is because it hopes that the development of a black "property owning democracy" will introduce a new element of stability and conservatism to the townships. But acceptance of what many blacks call "the golden handcuffs" of a good job, company car and company mortgage attracts the ire of township radicals who argue that "gentrification" isolates the middle class from "the struggle."

Not only have several thousand of Soweto's better-off citizens isolated themselves socially in the new "golden ghettos" but many of them also send their children to private schools in white

Talking to teenage children outside Orlando and other high schools the day school re-started after the boycott it was clear that, whatever language they use at home, those of the new generation speak in Soweto patois among themselves and reject what remains of the tribal affiliations of parents and grandparents in the extended family. This, and their support for township organisations linked to the UDF and the ANC, makes them not Zulus or Tswanas or Sothos but Sowetans and South Africans. Their aspirations are to become doctors, lawyers, bankers, teachers and executives—important members of a shining future.

However, there is a dark side to the radicalism and optimism of the young Soweto. Like other townships throughout the country, also has its roaming mobs of "tsotsi" spivs and criminals and its radical "comrades" involved in murderous factional feuding. They form a kind of suspected informers and "sell-outs," the fire-bombing of black policemen's homes, raids on shebeens, assaults, looting of delivery vehicles and hijacking of cars are all ugly examples of the part-criminal part-political violence that has accompanied the past two years of violent unrest.

Many of these youths are the product of harsh apartheid laws that have broken up families, separated husbands from wives, and led to widespread illegitimacy, drunkenness and humiliation for generations of blacks. They form a kind of lumpen proletariat which helps to ensure that every weekend the casualty wards of Baragwanath hospital overflow with victims and/or perpetrators of violence, rape and mayhem.

It is all part of the pressure cooker atmosphere of an ever-crowded community ruled, like the rest of black South Africa, by laws made by whites. This weekend, those whites are wondering whether Soweto will explode again on Monday.

The Long View

A different kind of debauchery

THE JUMP in the broad money supply in June, for the third successive month, has made a lot of people take notice of a statistic which they thought had been relegated to the footnotes. It is all very well to say, as the Chancellor does, that M3 is often distorted; but surely when it is rising at an annual rate of 39 per cent (if you annualise the past three months, American fashion) or 20 per cent if you actually look back a year, it must be trying to tell us something. The calmer spirits get the message that interest rates are stuck; the more alarmist conclude that Barber days are here again.

There can be endless guesses about what the figures do mean, and anyone who gets circulars from more than one stockbroker will soon be reading several alternative stories. This column will be making at least one suggestion that you will not find in any broker's circular, but none of us is likely to claim divine inspiration. The figures are something of a puzzle. However, one thing is clear: this is not like the Barber boom of 1971-73.

For a start, the numbers are smaller. The 20 per cent growth since June 1985 is likely to prove an aberration for some quite strong reasons: in the Barber era, this would have been moderate. Sterling M3 grew by 15 per cent in 1971, by 25 per cent in 1972, and by more than 28 per cent in 1973. The underlying rate was about half as fast again as it probably is now.

Much more important, interest rates are much higher now. Since what follows is a little contentious, let me discuss a moment, in physics or astronomy, if we wish to measure any change in the forces acting on a system, we must first define its undisturbed condition—its state of rest.

Targeting broad money supply is so difficult that Mr Lawson has given up. Could Britain's monetary explosion be because interest rates are too high? asks Anthony Harris



difficult to discover the average rate of interest on the deposits which count. However, what is clear is that, other things being equal, the higher the average rate, the faster broad money will grow. That is why targeting broad money is so difficult that Mr Lawson has given it up. If you raise interest rates to tighten up, the first thing that happens is that M3 growth accelerates. Central bankers tend to call this reaction "perverse," which shows only that like other technically learned people, they have lost sight of the underlying simplicity.

Now it is quite clear that this average rate is much higher than in the Barber era, not because nominal rates are all that much higher, but because a much bigger proportion of money is held in interest-bearing accounts, much of it in high-interest accounts.

Now we have falling inflation, collapsing oil and commodity prices, slow growth, widespread unemployment. We have had something of a stock market boom—though in inflation-corrected terms, prices are still only moderate. We have also had something of a localised house price boom in this country but not elsewhere. Britain is the odd man out in a generally deflating world.

What all this would suggest to any observer whose mind is not cluttered with conventional cant is that this time round, the British monetary explosion could be because interest rates are too high; and quite a lot of evidence confirms that this is indeed part of the story.

Sterling is too strong for comfort to judge by the CEBS estimates of competitiveness. Gilt yields less than bank deposits, which shows that the market regards short-term rates as unsustainably high. Savers—notably pension funds—regard bank deposits as a high-

yielding investment. No wonder they want more deposits when the stock market is showing such lacklustre short-term returns. Gordon Pepper of Greenwell Montagu, the City's most learned monetarist, has explained that as long as this gap—the reverse yield slope—persists, a bloated figure for broad money is perfectly natural.

However, there is one aspect of the story which is a reminder of the Barber era—financial liberalisation. In 1971 the banks were freed from lending controls. At present there are few controls and there will be fewer after October. This is a credit free-for-all.

A combination of liberalisation and high interest rates is an irresistible lure for international funds. Foreign banks and investors are buying British securities and financing British takeover bids. They may even have bought the mortgage on your house. All this puts cash in the hands of British investors, building societies and institutions. Your Marks and Spencer credit card is financed with dollar borrowings; more cash. International demand for sterling and sterling assets thus inflates domestic holdings of money.

Now it seems proper to regard all this aggressive international financial activity with a good deal of suspicion. History teaches us that excessive speculation ends in tears. To that extent the money figures are telling us about some kind of debauchery. But it is not the debauchery of the 1970s, and the sterling growth figures is both distorted and exaggerated. We may well need tighter prudential controls and more rules, and we will no doubt get them when the wheel turns. But we do not need a squeeze.

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SUMMARY
D MERGERS

ONLY ONE trading day after the Dow Jones Industrial Average had set an all-time high last week, the index registered its biggest-ever daily point loss on Monday and spent the rest of the week in the doldrums as traders tried to decide if the market is pausing for breath before having another run at the 1,900 level or bracing itself for what the more cautious analysts believe could be a long overdue correction.

Dow loses momentum

It is coming up for four years since the Dow began its historic advance from the 777 level and analysts are worried that having risen by more than 250% since the start of the year, it could be losing its momentum. Trading volume is running at very low levels and the number of shares hitting new lows outnumbered the number of shares hitting new highs on Tuesday.

several. The final hour of trading on previous occasions has sometimes been marked by wild swings in the market.

Hundreds of institutions and US corporate treasurers have caught on to the fact that they can earn considerably more by using computer-driven trading

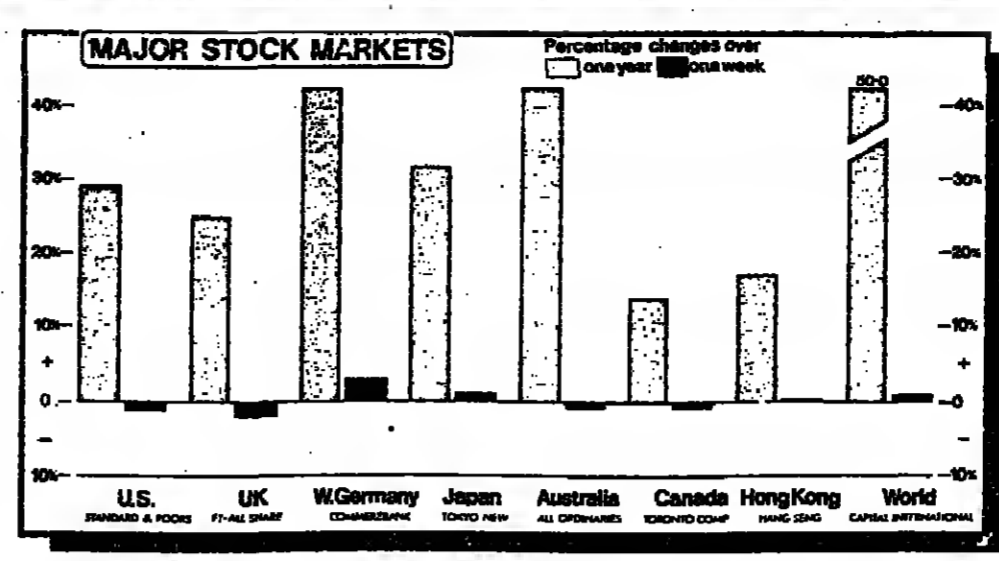
Wall Street

programmes than by depositing their money in the bank. Their computers stand ready to buy or sell billions of dollars of stock whenever a large enough gap appears between a stock index and the underlying share prices.

mate of the US gross national product to play the bond futures market—is leading to growing unease in the rest of America about the fortunes being made on Wall Street in the present bull market.

"Is Wall Street really crooked and the game fixed, played with the speculator's equivalent of loaded dice? asked one commentator this week. A growing number of Americans are beginning to wonder as they watch the big day-to-day fluctuations there.

After an absence of some weeks, the corporate predators were back on the beat this week, pushing up the shares of their targets to new highs.



Saga Corporation by \$5.50 a share, with the result that it will soon become America's biggest food service group, in addition to its other claims. Asber Edelman, the New York financier, renewed his attack on Fruehauf Corporation, the Detroit truck-trailer group, and announced plans for a \$44 tender offer. By Thursday night, Fruehauf shares were standing at a premium to Edelman's offer, implying that there could be another predator in the wings.

For the time being, investors are concentrating on special situations on Wall Street. This week's signals from the US economy were very confusing.

danger that Federal Reserve might have to tighten its monetary grip. This week saw an 0.1 per cent drop in May retail sales and a surprisingly large 0.6 per cent drop in industrial production. Now, the talk in the credit markets has swung the other way and there is increasing speculation that the Fed may be forced to revive a flagging economy.

On the international stage, Mexico is causing US officials increasing concern and its financial plight is another reason why the Fed might be prepared to ease its grip.

rescue shortly. Fed chief Paul Volcker made a surprise visit to Mexico City on Monday, underlining the severity of the financial crisis.

As the summer drags on, Wall Street is likely to pay increasing attention to the problems south of the border. The only consolation is that the last time Mexico was teetering on the brink of bankruptcy, in August 1982, the Fed pumped substantial sums of money into the economy, which marked the start of the present bull market.

Table with 2 columns: Day (Monday, Tuesday, Wednesday, Thursday) and Value (-45.75, -2.96, +8.88, -7.94)

William Hall

Jitters spread over S. Africa

THE FINANCIAL markets are more anxious than ever about events in South Africa following the declaration of a state of emergency. Concern for the immediate future is dominated by fears of what might happen on Monday when the country's black people commemorate the 10th anniversary of the Soweto riots. Beyond Monday, the outlook is even more uncertain.

It is hardly surprising that the Financial Times index of South African gold shares this week touched 192.3, its lowest since July 1982.

Its course over the past year has tracked political developments almost exactly. After falling last summer when President Botswana's Rubicon speech turned out to be far less reformist than expected, it recovered sharply in November from a low of 217.6 to a peak in January of 357, reflecting rising hopes that the real reform of apartheid was on the way.

Now, hope seems to have evaporated completely among investors outside South Africa. The proportion of gold shares owned by foreigners is estimated to have fallen in the past year from about 30 per cent to about 25 per cent, according to stockbrokers in Johannesburg.

However, some mining enthusiasts in the City are saying that now is the time to buy. They argue that the market has over-reacted and that the potential rewards from a recovery in sentiment are enormous given the way the FT Gold Mines index soared 64 per cent between November and the end of January.

Julian Baring, of James Capel, says he is buying South African gold shares precisely because sentiment is at its worst since November. "Look at the tremendous run we had then."

Investors clearly need strong nerves to follow this advice, not to mention a willingness to withstand criticism from liberal friends who might support disinvestment and sanctions against South Africa.

to be able to move in and out of the market pretty sharply. Longer term, it is all a question of political and economic judgment. The South African mines, the most profitable in the world, would certainly carry on producing gold no matter who was in power. But would investors, especially overseas investors, be allowed to continue enjoying the fruits?

Nationalisation by a left-wing black government is only one possibility—and a rather remote one at the moment. Another, perhaps more immediate, danger is the risk that an embattled white government, retreating into its laager, might respond to economic sanctions by changing the foreign exchange rules to make sure that overseas dividends are paid out not in commercial rands worth 37 US cents at the end of this week, but in financial rands, worth 21 cents.

Then, there is political unrest. It is true that so far the mine have largely been spared the violence that has hit several townships. But there is a

Mining

guarantee that the mine workforce will not grow more responsive to calls for political action.

At least foreign investors can make a choice about these issues. South African investors are in a different position—currency rules make it prohibitively expensive to invest abroad.

This week, Robin Plumbridge, chairman of Gold Fields of South Africa, visited London and underlined his confidence in South African mining by giving details of the platinum mine the group plans to develop on the Merensky Reef: a cost of R559m (\$214.5m). Northern Platinum has estimated reserves of 163m tonnes of reserves grading 10.1 gram per tonne of platinum group metals. Plumbridge says No than could make a very significant contribution to GFS profits when it reaches full production in the mid-1990s.

Meanwhile, Battle Mountain Gold Company confirmed that it is going ahead with the development of a 60,000 oz-a-year mine at Pajingo, Queensland, at a cost of US\$6.5m.

Stefan Wagsty

All aboard for an exciting ride

A NUMBER of well-paid foreign brokers have been sounding decidedly sheepish about the Tokyo stock market in recent weeks. Despite their repeated warnings that the TSE Stock Average could not go any higher, it has cheerfully continued to do so. Meanwhile, most Japanese brokers and those foreigners with steady nerves have been enjoying an exciting ride.

The 255-issue market indicator closed at 17,205.97 yesterday, up 74.74 points, for the third all-time high in so many days. At the beginning of the year, the TSE average was around 13,000. The reason for the continued buoyancy is a familiar one to those who follow the market closely—simple weight of money. Can it continue? As always, analysts remain split. But some of the confirmed bears are starting to sound slightly more upbeat, while the bulls are putting their sights on an index of 19,000 before the year is out.

A number of domestic factors are priming the money pump in Tokyo. The local bond market is still relatively unattractive,

with yields at less than 5 per cent. Further, while the yen continues to gain against the dollar, investors are less keen to take on the exchange risk of overseas investments.

Vickers de Costa points out that at least 12 new stock market investment funds worth more than ¥500bn gross, are being formed this month on the strength of the summer bonus season, with further new funds expected shortly. Also, the market is anticipating another interest rate cut, perhaps just after the July 6 election.

On top of this, of course, is Japan's huge savings on energy and imports thanks to cheaper oil and the higher yen. "It's really like Saudi Arabia after the first oil crisis," said a broker yesterday. Indeed, the price of imports in many cases has dropped by as much as 45 per cent.

All this money, for the most part, has been chasing domestic

stocks such as railways, construction companies, retailers, foods and even cosmetics. Shideido, the shampoo people, for example, hit an all-time high on Wednesday of ¥2040, while

Y1000. Mitsui Warehouse has hopped up from ¥690 to ¥930 in the last week while Mitsubishi Warehouse has also gone up smartly.

In the category of stocks which benefit from lower import costs is Bridgestone, which has jumped from ¥500 to around ¥735 in the past month or so. Brokers are now selecting stocks whose shares have yet to respond to this benefit, pointing to companies like Osaka Cement and other heavy energy-users.

For those with eagle eyes, there are likely to be many more companies yet to fall into this category, if only because they are showing themselves to be extremely reluctant to pass on lower import costs to the consumers. Only yesterday, Prime Minister Yasuhiro Nakasone exhorted government agencies to put more efforts into forcing importers to drop their prices. Japanese con-

sumers, however, are not by nature an unruly lot and it may be months before this windfall reaches them in any meaningful form.

Electronics have been underperforming the TSE average, leading some fund managers to move into these stocks cautiously. Some are saying that the coming settlement between the US and Japan will be favourable to Japanese semiconductor-makers as it is likely to contain some element of price fixing—or price maintenance, for the more delicately-minded.

At for the future and the important factor of Japanese liquidity, a few things are worthy of note. First, there is the ¥3,000bn supplementary budget which is likely to be launched in the autumn, most likely in the form of government-backed construction bonds. On top of this huge

Tokyo

Mitsukoshi, the department store group, reached its all-time high this week of ¥1,200.

Investors are still keen on latent asset stocks as well as companies which stand to benefit from the higher yen. A waterfront project in Tokyo's docklands is causing a lot of excitement among warehouse stocks. Yamatane, Japan's fifth largest warehouse company, saw its shares jump this week from ¥1350 to ¥1650. Four weeks ago, the stock was changing hands at around

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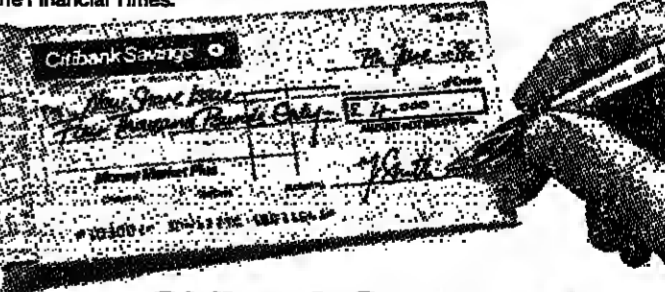
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- Bayerische Hypothekendar- und Wechsel-Bank Aktiengesellschaft
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- Bankhaus Gebrüder Behmann
- BHF-BANK (Schweiz) AG
- Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -
- Chase Bank AG
- Chemical Bank Aktiengesellschaft
- CIBC Limited
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- Commerzbank Aktiengesellschaft
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- Copenhagen Handelsbank A/S
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- Daiwa Europa (Deutschland) GmbH
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- Deutsche Girozentrale -Deutsche Kommunalbank-
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- Lazard Frères et Cie
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Britons are the main foreign buyers of Spanish property. But they should be wary, says Fiona Thompson

SO FAR this year, 25,000 Britons have bought themselves a guaranteed patch of sunshine—and with it, a property—in Spain. Of the 1m properties owned by foreigners, British people lead the way with half of them. On a less sunny note, they are also the leading victims of fraudsters, usually unscrupulous property dealers who prey on those buying holiday or retirement homes.

Two points are important to note: 80 to 90 per cent of the frauds are perpetrated not by Spaniards but by Britons, Belgians and Germans; and the majority of Spanish property purchases proceed smoothly, without hitch.

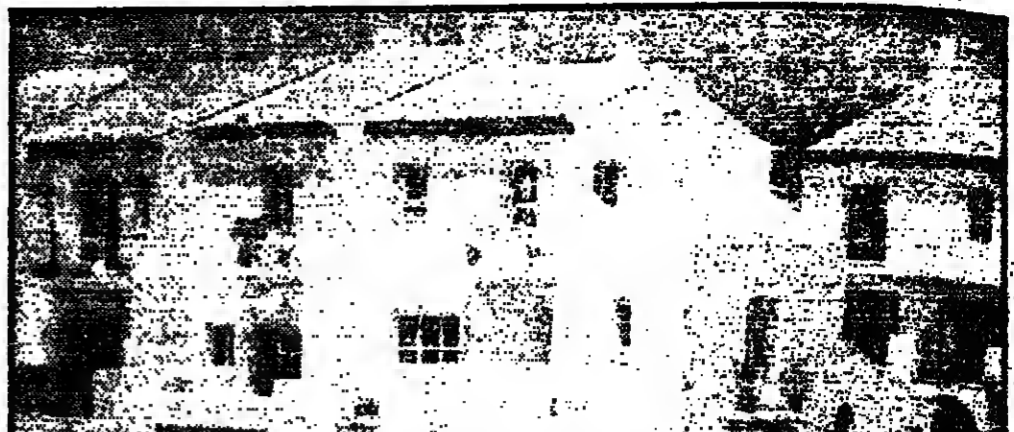
It is, however, a different story for the two out of 10 buyers who have serious problems resulting in loss of cash, and the one in 100 who do not get the properties for which they have paid. For these people the experience can be shattering—a lifetime's savings gone, redundancy money lost.

According to Per Svensson, president of the 10,000-member Instituto de Propietarios Extranjeros, the foreign property-owners' association based in Calpe, Alicante, there are three common frauds:

- Money is given to sales organisations in the UK which have no authorisation from the vendor to receive money.
- A contract is signed for a property to be built soon after the money is paid—but construction never happens.
- Money is given to the vendor on completion of the sale but the title deed is not handed over simultaneously.

In the first case, you have in most instances lost your money if the contract does not specify where the payments should be made and the money is paid to an agent who has no authorisation from the vendor, Svensson says.

The second fraud is self-explanatory but the third is perpetrated for two reasons.



Don't get burnt

The vendor might sit on the title deed to use it as collateral for fresh funds or because the deed is not in proper order.

For example, a new deed cannot be issued for a property which has been inherited by one spouse after the death of the other until inheritance tax has been paid.

If the tax has not been paid, the existing deed is not in order. However, some vendors feel little incentive to pay the tax and get a new deed once they have received full payment for the property.

Many of the frauds and much of the distress, both emotional and financial, could have been avoided, according to Detective Inspector Gerald Runham of Scotland Yard's Foreign Land Fraud Squad, set up in the mid 1970s. He says, "People are bombarded with offers the moment they get off the plane. As soon as the sun hits them they seem to lose all sense of responsibility, signing contracts for £15,000 to £20,000 which they wouldn't dream of signing in the UK without showing to a solicitor."

Then, once they have handed over £500 or £1,000, even if they have doubts, they continue to make payments so as not to lose their initial investment.

The squad is investigating a number of cases in Spain now. One team has just returned from the Costa Blanca and another is set to go to the Costa del Sol. In March, Peter Mace of London-based Sol International pleaded guilty to five counts of deception and was jailed for two years. Five Britons, all with investments in properties on the Costa del Sol, lost a total of £100,000. The squad's largest Spanish success concerned a £300,000 property deal in Tenerife 31 years ago.

To avoid having to seek the advice of the squad, anyone considering for already involved in buying a property in Spain would be well advised to get in touch with the Instituto de Propietarios Extranjeros. Set up three years ago by Svensson, a Norwegian with 20 years' experience in Spanish property development, the Instituto is active in all the tourist zones in Spain.

It gives information and assistance in several languages to foreign property owners and defends their interests. Before signing a contract to buy property, the Instituto advises people to:

- Search the property register to find out the name of the owner of the property. This is where any unpaid taxes will come to light. The register will also outline any debts on the property such as a mortgage or builders' costs, and indicate any historical right-of-way for neighbours, etc.

Get the title deed before handing over all the money.

- Ask for a bank guarantee from the developer if your property is being built and you are asked to hand over large sums before completion. Under Spanish law, a bank guarantee specifies that all such sums should be placed in a "blocked account" to which the developer cannot have access until completion of the project. If it is not finished, the bank must repay the money with interest to the individual.

People are playing Russian roulette with their money if they don't take the basic precautions, says Svensson. And with Spain now in the EEG most Britons are potentially at risk as they decide in late advantage of social security, health and pension rights being available here.

The Instituto has recently set up a fighting fund to contest individual cases in the Spanish courts and has published a revised edition of an excellent guide, written by Svensson, on buying property in Spain.

For information on how to join the Instituto, or to buy a copy of *Your Home in Spain*, write to: Instituto de Propietarios Extranjeros SA, Apt 35, Calpe, Alicante, Spain. To contact the Instituto in Britain, write to Anglo-Spanish Connections, 9, Watling Road, Southwick, West Sussex, BN4 4DD.

A huge pool of money lies unclaimed in British banks, says Harold Baldwin

MILLIONS OF pounds are waiting to be claimed in British banks and other financial institutions. Most banks are wary about saying how much is held in what they call "dormant" accounts but Barclays admits to £5m.

A bank account normally is regarded as dormant if it has not been used for five years. The bank then closes it and transfers the funds to a general account. This is purely to simplify book-keeping procedures and the funds, plus any accrued interest, remain available to the owner.

Before doing this, however, the bank has duty to try to trace the owner of the account or any person authorised to deal with the balance. With the accounts of charities, societies and clubs, the funds may be released to organisations with similar aims.

The chief causes of this huge

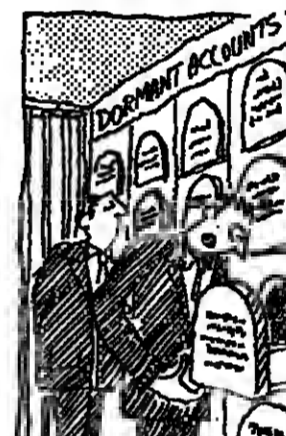
Fortunes left unspent

pool of money are that people move house, get married or divorced and do not advise their bank of their changed circumstances, and addresses. Also, people die without leaving a complete record of their assets; the Prudential, for instance, holds £10m in unclaimed "life policies".

When a customer dies a bank should stop all the accounts held in that name and supply the executor with details of the balances together with a list of any other assets held. If an item is passed over at this stage, it can join the missing millions.

This happened to an account with a balance of £3,000, the mistake coming to light six years later only because the Inland Revenue asked why the interest on the account had not been declared. The funds had not been declared for probate purposes, either, causing further complications.

On the other side of the coin, banks sometimes get letters ask-



Substantial amounts have come to light in this way. A number of gold bars deposited before the First World War considerably improved the finances of one elderly widow.

So, anyone who has a genuine reason to think he might be able to identify the rightful owner of unclaimed funds should not hesitate to take on the trail. If you do not know the actual branch where the assets are likely to be held, write to the head office.

A good percentage of unclaimed money consists of thousands of small balances which the owners either have forgotten or cannot be bothered about. However, at the last count, there were 56,345 Premium Savings Bond prizes unclaimed, varying in value between £25 and £5,000 and totalling £3,354,000.

A list of the unclaimed winning numbers is published as a supplement to the London Gazette and a copy is kept at all main post offices.

ing about funds or other assets believed to have been deposited in the distant past by a long-lost relative. Many of these letters are more hopeful than positive and, inevitably, there are a few from cranks, but all have to be investigated.

Earlier launch for new funds

AS INVESTORS have become more familiar with the concept of the business expansion scheme, issues are being introduced earlier and earlier in the tax year. Two funds surfaced this week, Alpha VI from Oakland, Management Holdings and the fourth Hoare, Octagon Information Industries Fund.

Alpha VI is an open-ended fund which proposes to accumulate £3m to be invested in 15 or so companies in the course of the current tax year. When the Alpha fund first surfaced it tended to concentrate on technology ventures, but Alpha VI, like its predecessor Alpha V, will opt for a broader spread of investments.

Given that Alpha VI has emerged so early in the tax year, Oakland has devised a series of incentives to stimulate early investment in the fund. Oakland will waive its

Business Expansion Scheme funds are being introduced even earlier in the tax year, says Alice Rawsthorn

management fee for all investments made before September 15. Thereafter a fee of 3 per cent will be charged to former Alpha investors, and of 5 per cent to new investors.

An instalment plan has also been structured whereby investors subscribing more than £5,000 before September 15 can pay their subscriptions in three instalments. Thus Oakland plans to attract smaller investors who may be unfamiliar with the business expansion scheme and wary of direct issues.

"By launching Alpha VI in June we have entered the market rather early in the tax year," said Mr John Hall-Craggs, director of Oakland and of Alpha Management. "Yet people's tax prob-

lem do not change through the year and at least we will miss the crush of schemes in February and March.

"Lots of interesting business projects are presented to us during the summer and autumn months. By opening the fund now we will be in a position to take advantage of them."

Last year Oakland received more than 500 applications from companies seeking venture capital from the Alpha fund. It eventually identified 15 suitable investment opportunities.

Over the last three years the five established Alpha funds have collectively invested £8.5m in 35 companies. The most successful investment was £3.7m in investment in a TV-beam, the designer and supplier of hand-held teletext

receivers, which will float on the OTC market next week, and the least successful, Servicon, the manufacturer of energy saving systems for the hotel industry, which went into receivership three months ago.

The fourth Hoare, Octagon fund will, like its predecessors, invest in the electronics, computing, media and telecommunications industries. The three previous funds have generated £3.7m in investment in 21 companies.

The fund is managed by Hoare Octagon, a joint venture between the stockbrokers Hoare Govett, and Octagon Investment Management, which specialises in the information industries. The former chief executive of ICL, Mr Robb Wilmut, joined the Hoare Octagon board last week and will play an active role in selecting investments for the fund.

OVER THE past few years most insurance companies have been offering "new for old" cover on their household policies.

In other words the age or condition of the property lost or stolen is ignored. You can claim for the amount it would cost to buy a new replacement and not what the goods were actually worth at the time of the loss.

But new-for-old cover does not apply to motor insurance. The guiding principle is that settlement of claims is based on the car's market value and not its replacement cost. This is an understandable and fair principle. Otherwise it would lead to absurd results. Suppose your four-year-old BMW worth £8,000 was written off, you would be able to ask for the replacement cost (£12,000) of a new BMW and make an immediate profit.

Where it is uneconomic to repair your car, any argument with the insurance company will normally be about its condition. But there is one way in which

motorists may find themselves better off after a minor accident. Say you are driving quickly when another car comes skidding around the corner and smashes into your car crumpling the radiator and engine beyond repair and seriously denting both passenger doors.

The other driver admits responsibility and the estimated cost of a new engine, radiator and repairs to the doors amounts to £4,000 including £500 for the cost of a full respray which has to be carried out to cover up the beaten-up door panels.

The insurance company tries to argue that it does not have to pay the full sum of £4,000. Because the car now has a brand new engine with no miles on the clock, a new radiator, and has been totally resprayed.

The insurance company points out that you now have a better car than before the accident and one which may well have

a higher market value.

You may well feel that the insurance company is being unreasonable when it offers you only £3,000 on the basis that you should contribute £1,000 to your "newer" and "better" car. How are you supposed to be able to buy a second-hand engine with the same mileage to the one damaged?

This might mean that the car has a higher market value but that is not of your doing. Why should you be made to pay the extra costs of a new engine or a better car? How are you supposed to be able to buy a second-hand engine with the same mileage to the one damaged?

The legal position is not clear. Motor policies give indemnity cover, which means that you are entitled to be placed as far as possible in the same position as you were immediately before the loss.

In the words of the Insurance

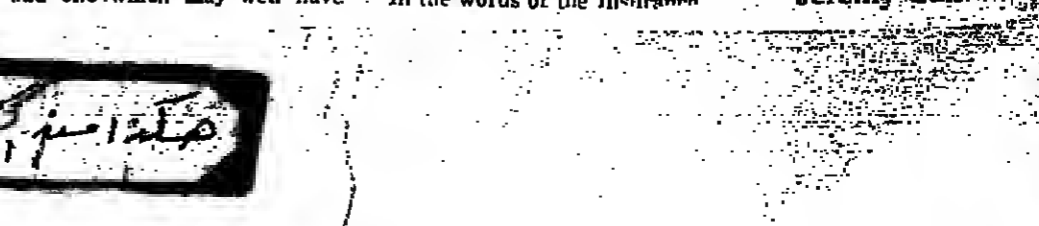
ombudsmen: "Indemnity cover is always a difficult question. Members of the public do not really understand its meaning."

It is clearly unreasonable to expect insurers to pay for a new engine when the one that has been damaged is 10 years old and had done 70,000 miles. In such a case an insurance company might justifiably ask you to contribute or offer you a second-hand engine.

If you refuse or do not have the money to contribute, the insurance company may reduce the amount of any payment to you for inconvenience or pain and suffering.

This is clearly a difficult aspect of motor insurance. People who find they are making no headway in reaching an agreement with an insurance company over repairs with a claim should therefore consider employing their own loss assessor. Members of the Institute of Public Loss Assessors can be contacted through 0494 783442.

Jeremy Sandelson



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An enterprising portfolio

The Fund aims to out-pace the growth through active investment among the stockmarkets of Hong Kong, Japan, Korea, Singapore, Malaysia, Australia, New Zealand, the Philippines, Taiwan and Thailand.

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smaller companies and new issues. Investments may include listed interest securities.

The Managers may, as circumstances permit, utilise any or all of the investment and currency instruments or techniques suggested now or in the future by the UK Department of Trade & Industry. Examples include currency hedging, foreign currency banks and traded options. Investment may also take place within the prescribed limits in unlisted securities, unquoted securities and secondary or OTC markets.

Close to the pulse

The investment advisers to the new Fund will be Schroders Asia Limited and the Fund will therefore benefit from the same expertise which has placed a range of Schroder Far Eastern Funds at or near the top of their league tables. Schroders Asia, a leading Hong Kong investment manager, established there for over 15 years.

From Hong Kong, Schroders Asia can measure sensitively the business pulse of all regional markets; and they can visit the majority of them within just four hours flying.

Recent results from the management of Hong Kong authorised unit trusts (not available to UK residents) testify to this local capability:

	2 years	3 years
Hong Kong Fund	1st of 8 + 28.9%	1st of 7 + 58.0%
International Trust	12th of 40 + 38.9%	18th of 36 + 80.8%

*Returns include management charges and other expenses deducted to the fund.

The Fund also has access to the expertise of Schroder's Tokyo office which has been largely responsible for the excellent performance of Schroder's Japanese Smaller Companies Fund - top in its sector over 1 year and 2nd in its sector over 2 years to 1st April 1986.

Invest cautiously

Schroders believe that the dynamic profile, active management policy and exceptional local opportunities, in which Schroder's Asia Limited is well placed, add up to unusually exciting growth prospects for the Fund.

Conservatism with these factors must be an above-average level of risk and we therefore recommend that any investment represents only a limited proportion of your portfolio. It is not a Fund for the timid investor.

Units will be issued at the price ruling upon receipt of your application. The offer price of accumulation units was \$2.50 on 1st June 1986. The current estimated gross annual yield is 6.5%.

Minimum investment is £500.

Remember that the price of units and any income from them may go down as well as up.

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Women stay caught in the pension trap

ON THE surface it all looks very laudable. The publication of the EEC directive on sexual equality in occupational pension schemes was heralded last week with a flurry of rhetoric about there being "no discrimination on the basis of sex, whether direct or indirect."



Cash for children

LYOYDS BANK is offering cash dispenser cards to children aged 13 and over who open or already have a Cashpoint deposit account.

borrower has to take out redundancy/disability/sickness cover and to place house and contents insurance through the Skipton.

YOUR OWN US BANK ACCOUNT

The safe and easy way to have money in America - with interest. Bell Savings Bank of Philadelphia is unique in offering the small investor a simple way to open their own interest-earning dollar bank account in the USA.

A SPECIAL tax charge on Golden Hellos was one of the Budget predictions which went unfulfilled.

Hello—and goodbye

reason That really only leaves two possibilities. Either the new recruit is being compensated for some special loss which he will suffer as a result of signing up.

ing for recipients but perhaps rather less so for their paymasters. The most important advice for a company paying a Hello is that if there is any chance at all of it being taxed as remuneration then income tax must be deducted at source through the PAYE system.



HIGH PERFORMANCE FROM JAPAN.

Investors in Govett Japan Growth Fund have really seen their money get off to a flying start. In under three years investors have almost tripled their money with a total return of 188.2%* from 22nd July 1983 to 23rd May 1986.

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BRIDGE. Following on last week's article, I am discussing today two more squeeze hands. West lead with the Ruffing Squeeze: N ♠A863, S ♠K98, W ♠Q4, E ♠KQ7.

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Alcohol without licence

Some years ago our neighbours sold off part of their large garden to an oil company which subsequently built a petrol station on it. The conveyance of the land in the title contains a covenant.

"Covenant by purchaser with vendor for himself his heirs and assigns and with intent to bind not only himself but also all future owners and tenants of land thereby conveyed that no alcoholic liquor of any kind should be manufactured or sold thereon or any part thereof."

The original covenant is dated 1911 and was made a special condition of sale when the land was sold in 1964. The oil company has now applied for and received a licence to sell alcohol which is a breach of covenant. Is there any way in which the covenant can be enforced? Your neighbour can enforce the covenant by applying to the Court for an injunction, but you cannot do so yourself. If your neighbour's land has been sold since 1964 there could be a difficulty in enforcing the covenant if that land is not directly benefited by the covenant.

Doubts over a solicitor

The husband of my sister was killed in an accident caused by an uninsured driver who will be tried for reckless driving resulting in death, etc. The solicitor she has engaged has asked for a statement from the deceased's accountants which will fortunately show a record of income substantially increasing from his business which is now in decline. She is not 100 per cent sure of the solicitor's competence since he has given her information which subsequently he had not in fact. Also he has asked her to investigate when the defendant ignored letters of enquiry as to a possible defending solicitor. When it comes to compensation from the insurance company allocated by the Insurance Bureau, is it likely to be better for her to have this solicitor negotiate out of court or to go to court?



Out in the field...

Having recently inherited a five-acre field with outline planning permission, I wish to develop it. I wish to maximise its potential over the medium term. For someone with only a layman's knowledge of planning procedures and the building industry etc. but with access to around £50,000 capital it is feasible that I should consider embarking on a residential development of the site over say 10 years? What degree of professional help would you recommend? It should be possible to carry out a phased development, but you must ensure that you get detailed planning permission before and that building consents are obtained before the planning permission. You should obtain advice from a surveyor or other professional person to ensure that you make the best use of this asset.

Where the gable ends

Last November, I contacted a roofing firm to replace a fascia board at my gable end. On inspection they agreed to do the job and I received their quotation for the work to be done at the end of November. This was not carried out and, after a number of phone calls a visit was also made. Two men arrived, with the board in question, plus eight mpaft trestles, and three thick boards

FINANCE & THE FAMILY

Perks and quirks

Investor's Tale

Kevin Goldstein-Jackson reflects on the way companies treat their private shareholders

AS A private investor in a number of companies, it is interesting to see the different ways in which they and others handle their shareholder relations.

Some companies appear to take their private investors for granted. The only time they communicate casually with them is when executives want yet more for themselves, like the introduction of a share option scheme or support for repelling a take-over bid that threatens their jobs.

Other companies welcome private shareholders warmly. For example, my wife became a United Biscuits shareholder last year; and almost as soon as the shares were registered she received a letter from Sir Hector Laing, UB's chairman, in which he said: "In these days, when so many shares are held by institutions, I am particularly pleased to welcome personal shareholders into what I still think of as a family business."

The letter briefly outlined UB's activities and enclosed various brochures including a Facts and Figures booklet. Sir Hector pointed out that this contained "a list of our major brands" and he hoped "that you will contribute to your company's prosperity by choosing to buy our products whenever you can and by recommending them to others."

When in 1984 I became a shareholder in Tricentrol, chairman James Longcroft also sent me a welcoming letter which ended: "If at any time you should wish to talk to me about any particular part of our operations, please do not hesitate to telephone or write." I wonder how many calls he has had recently regarding the plunging oil price and Tricentrol's future.

Some companies woo private investors with share perks. My wife became a shareholder in Debenhams so she could make use of the 12 per cent discount on purchases in its stores, and did very well when the company was taken over by Burton Group and certain discount benefits were extended in its shops.

As a shareholder in Grand Metropolitan, I have already

Allowance in danger

Since 1976 when I divorced my husband I have been partially supported by him. He has recently mentioned that he plans to either remove my allowance or reduce it. If my allowance is removed or even altered my financial position would be difficult. I certainly do not wish to be unreasonable and regret that I am a dependent. Could my former husband get a decision from the Court without my knowledge. Would my solicitors have the opportunity to put forward my case? My ex-husband is clever and has equally astute solicitors which makes me afraid. If your ex-husband applies for a variation of the maintenance order you should be informed (via your solicitors) and you would have an opportunity to present your case. You could try for a final lump-sum settlement, offering as bait the prospect of your relinquishing any claim on his estate, should he die during your lifetime.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

used one of my perks for this year: a £4 voucher towards the cost of a meal at a Berni Inn. Unfortunately, the food wasn't exactly wonderful and the service was very slow. Perhaps next year GM should offer "20 minute vouchers" instead—then Berni Inns might serve the food to shareholders 20 minutes faster than they do to ordinary customers. Grand Met also offers a variety of other perks, ranging from a 15 per cent discount at Pearl's opticians to a number of special wine offers.

Dominion International recently attracted my wife as a shareholder—partly because it has an annual draw where six winning shareholders can visit at Dominion's expense, one of like an evangelical event. Everyone wanted to go! But they had to wait until next year.

In April I attended the AGM of Lonrho. The proceedings began with a short film of some of the varied interests of the company, from printing postage stamps for many nations to running vineyards in Bordeaux, cold mines in Ghana and distributing cars in Britain. At times, the meeting was almost like an evangelical event. Everyone wanted to go! But they had to wait until next year.



Details of many such perks are to be found in a guide published by London stockbroker Seymour, Pierce & Co, for which it makes a small charge.

Another way in which companies can welcome private shareholders is at the annual general meeting. I will never forget years ago attending the annual general meeting of a company that had just announced huge losses. Facing the audience was a long table, behind which sat a row of men—presumably all directors of the company. One small shareholder stood up and asked the chairman (a member of the nobility) to name all the people seated behind the table.

"I do not think that is necessary," replied the chairman. The executive for at least another 25 years.

But then, Lonrho's senior management has always seemed to take a keen interest in the views of private investors. He only does the company office a whole range of shareholder perks (ranging from discount on Spanish cars to cut-price clocks and watches), but after the AGM offers shareholder some light snacks with wine as well as a special whisky tasting. Lonrho has also performed excellently as regards growth in profits, 30 dividends.

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Legal notices

No. 239 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Re: THE MATTER OF
GIVETT ENTERPRISE INVESTMENT TRUST PLC
**AND IN THE MATTER OF
THE COMPANIES ACT 1985**

NOTICE IS HEREBY GIVEN that a Petition was on the 4th day of June 1986 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement; and (b) the confirmation and reduction of the capital of the above-named Company from £3,075,000 to £1,927,083.75.

AND I FURTHER GIVEN that the said Petitioner is directed to be heard before The Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London WC2A 2PL on Monday the 23rd day of June 1986 and the Company desiring to oppose the making of an Order for the confirmation of the said Scheme of Arrangement should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitor on payment of the regulated charge for the same.

Dated this 10th day of June 1986.

TAYLOR GARRITT
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Solicitors for the said Company.

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NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985, that a Meeting of the Company will be held at the offices of Leonard Curtis & Co., situated at 30 Eastbourne Terrace (2nd Floor), London W2 6LP, on Thursday the 19th day of June, 1986, at 2.30 o'clock in the afternoon, for the purpose provided for in Sections 588 and 589.

Dated this 10th day of June, 1986.

HARRIS J. LEWIS

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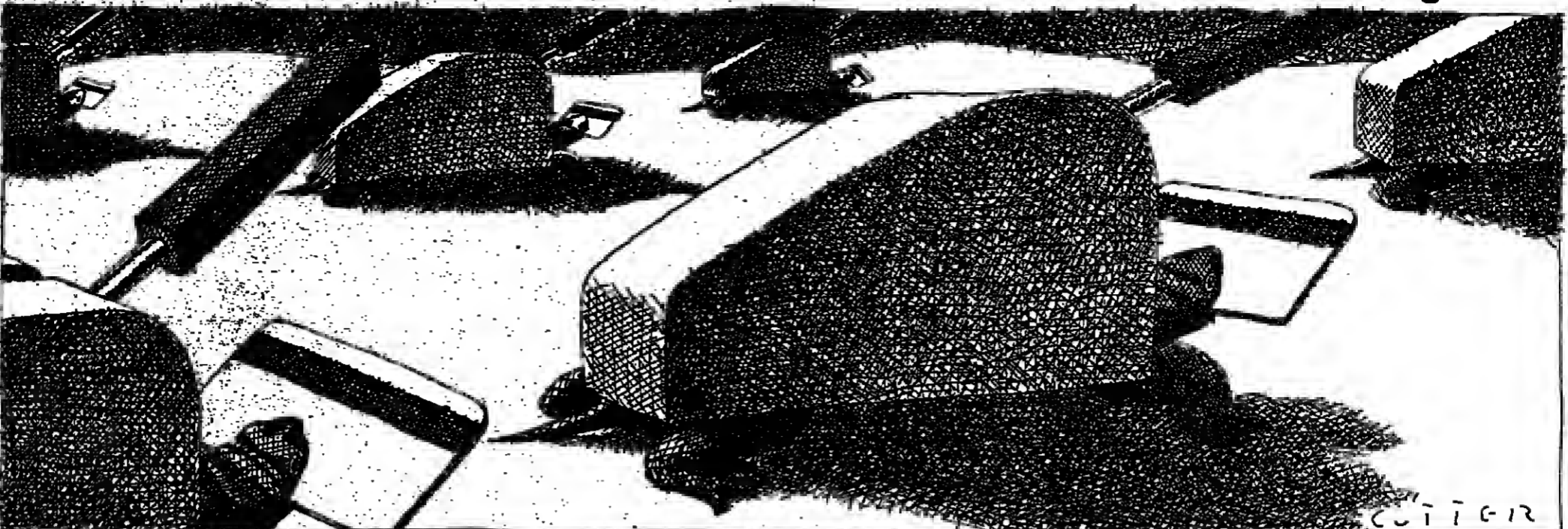
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Shopping the electronic way



Louise Patten discovers how instant debiting is taking over from such old-fashioned things as credit cards and cheques

I WAS shopping the other day with Sheila who was over for a six-week respite from the great outdoors of the Australian outback. Laden with the binoculars and best that Knightbridge had to offer, we queued for some time behind other customers writing out cheques or paying with plastic. Sheila appeared to watch in some awe. I idly assumed that shops in South Australia couldn't cope with anything more advanced than cash.

When my turn came to pay, I produced my credit card and waited while the voucher was written out and run through the imprinter. The perspex and diamond hair clips had put me away over the store's floor limit (the maximum amount they can accept on a credit card purchase before checking with the card company) and we had to wait again while the rather harassed shop assistant telephoned for an authorisation. I felt that inevitable moment of panic that my card wouldn't be accepted.

Sheila paid in cash, confirming my suspicions about the backwardness of the outback—that is, until she commented over restorative cups of tea that the good old Pom is still in the Stone Age with payments systems.

She explained that since 1984, banks, building societies and other financial institutions have been establishing a transnational system of Electronic Funds Transfer at Point of Sale, or "EFTPOS," throughout Australia, which is rapidly replacing the paper-based systems which make paying by card so slow in this country.

EFTPOS systems involve the automatic "reading" of your account details by passing your card through a computer terminal at the point of sale, such as a shop or garage. In the majority of countries where EFTPOS systems are already operating—including Australia, New Zealand, much of the Far East, the US, France, Spain and Portugal—the card details are read from a magnetic stripe on the back of the card. There are even more advanced, or "smart," cards, operating experimentally in certain countries such as Norway, where the magnetic stripe is replaced by a silicon chip. This can hold far more information and is, for example, being used experimentally to contain recent medical records. And the Japanese are moving to laser cards which can, it is said, hold your entire life history.

The magnetic stripe, it is however, dominant in the major established EFTPOS systems, including the Australian network (Most UK cards have a magnetic stripe, although it is rarely used. Once cards and account details have been read by the point-of-sale terminal, it

will normally be checked by the computer against a "hot list" to make sure that the card has not been reported lost or stolen.

The equivalent procedure for paper-based systems involves the retailer leading through lists forwarded by the card companies. Very few retailers have the time to do this for every card transaction, although normally they have to pay for any business they accept on hot-listed cards.

Once the card has been checked, the customer's account is automatically credited with purchase amount. Since money is actually moving from the customer's account, most EFTPOS systems involve a check of the cardholder's identity. By far the most common is the use of a personal identification number, or "PIN," such as used in the UK with automatic teller machines ("ATM") cards. While PINs are more secure than, for example, a signature which can be forged, they have notable disadvantages. Few people can remember more than one PIN, and it is quite common for cardholders to write their PIN on the card itself, which rather reduces its value as a security device.

New developments may replace the PIN in due course. These include retinal scanners, which can identify you by your eyes, and others which scan the palm of your hand as, like eyes, hand prints are unique.

The latter device has recently

had a rather grisly enhancement which checks that the hand has blood flowing through it and is therefore alive. The rationale for this was that criminals might not only steal your card but also chop off your hand, though the mind boggles at the thought of presenting a stolen card for payment and slapping a dead hand down on the scanner.

Sheila sympathised over the backwardness of the UK in terms of card technology and enumerated the advantages of EFTPOS systems for the customer. Firstly, she said, the whole payments procedure becomes very much quicker, often taking less time even than paying by cash. Experiments in the UK have tended to bear this out. Cheque and paper-based credit card payments average about a minute. This compares with automated card payments which only take an average of half a minute—although this will be far longer for people who forget their PINs (or hands).

There is also the convenience of only having to carry a plastic card. No cash or cheque books, and no need to keep your vouchers to check against a statement, although EFTPOS systems do normally give a receipt similar to those produced

by ATMs when you take out cash.

A third major benefit is the increased security of EFTPOS systems, with automatic authorisations and hot-list checks. This is not only an advantage for those who have had credit cards stolen and used fraudulently but for the card companies, which would save some of the millions of pounds lost each year through card fraud and could thus lower interest charges.

EFTPOS should also reduce the operating costs involved in the millions of pieces of paper that currently move around the system. EFTPOS needs not only less paper but also less time.

All of this should lead to a reduction in the charges made to retailers by the card companies and ultimately lower prices for the consumer.

With all the advantages, why hasn't EFTPOS been introduced throughout the UK?

The technology has been around since the early 1970s, and retailers have been meeting the banks to discuss EFTPOS since the mid-1970s. The main delaying factor seems a failure to agree how the costs (primarily the point-of-sale terminal plus telephone time to the central computer) should be split.

All the main banks are now experimenting with EFTPOS systems to a greater or lesser extent. Clydesdale Bank (a subsidiary of Midland) led the field until recently with their Counterplus scheme, which has been operating at BP garages in parts of Scotland since 1983. In March of this year, Barclaycard launched an EFTPOS experiment at Brent Cross, while in February Midland began one in Milton Keynes. Slowly, but fairly surely, the clearing banks are working towards the establishment of a national system of EFTPOS and have agreed on 1988 as a target date for its introduction.

The slowness of the banks in agreeing on a national system seems to have lost them the opportunity of dominating EFTPOS in the way that they have been able to dominate the cheque clearing system. The building societies are keen to participate and the Anglia Building Society has been operating a major EFTPOS experiment in Northampton since last October, with its AngliaCards being accepted at over 100 retail outlets in the town. More recently, BP announced the first nationwide EFTPOS system which will ultimately operate at 2,000 BP

garages. BP's new system is operated not with a major clearing bank but with several building societies and two American banks, any of whose ATM cards will be accepted in payment for fuel purchases.

If the BP system is successful, other major fuel retailers are likely to follow suit rapidly. Fuel companies, with their high volumes, low margins and susceptibility to fraud—particularly when the service station is busy (when did a garage last telephone for an authorisation on your credit card, or check a hot list before accepting it?)—will benefit particularly from EFTPOS and, like BP, may decide not to wait for the clearing banks before setting up their own systems.

Other retailers might decide to establish their own EFTPOS systems, in particular those, such as the Burton Group and Marks and Spencer, which already have highly successful cards of their own.

Failure to establish a national system—with banks, building societies and retailers all doing their own thing—would be highly inconvenient for the customer. We would have to carry a proliferation of cards and, worse, try to remember different PIN codes for each.

Alternatively, a retailer wishing to accept several cards might find himself with a bank of terminals at the check-out counter.

Assuming that common sense prevails, and a national EFTPOS system is established by the end of the 1980s, what will the impact be? In particular, what are the disadvantages of the payment system that we are all likely to be using in the 1990s?

A potentially worrying aspect of automated payment systems is the amount of information that will be collected on one central computer about the buying habits of each of us. Card companies already know a considerable amount about where we shop, how much we spend, where we live and so on. EFTPOS will add enormously to this data, which will go direct into computer systems, making access and manipulation easier.

The possibilities for direct mail companies would be enormous. Even now, it is only too easy to get on a mailing list inadvertently, and apparently impossible to get off again—even if one moves, or dies; those bright envelopes go on arriving to haunt one's successors. But with access to a central EFTPOS system, direct mail companies could become far more sophisticated and selective, for instance in spotting any change in buying habits as a possible selling opportunity.

More sinister, perhaps, would be the implications if central

government were to have access to a central EFTPOS data bank. The Inland Revenue, for example, could undoubtedly find a use for information about people who consistently spend more than they claim to earn—although this could be beneficial in cutting down on the black economy. Indeed, if, as some pundits predict, EFTPOS ultimately replaces cash altogether, it is hard to see how the black economy could survive.

The police could certainly be interested, as records would show not only what you bought and how much you spent, but also where you were on the day, and possibly even hour and minute, of purchase.

A huge amount of easily accessible information would be built up on our credit worthiness. Already there are credit-reference agencies which hold computerised assessments on most of us. Even now, with paper-based systems, you may be refused credit by one company because you are in debt to another, totally unrelated company (even though you may be refusing payment because of dispute rather than an inability to pay).

Some safeguards are offered by legislation such as the Data Protection Act; but laws almost by definition tend to be enacted only after serious problems have become apparent and can not therefore protect us from the unforeseen implications of new technology.

What would happen if EFTPOS payments system were to go wrong? There have been several cases recently of ATM cardholders complain that their accounts have been debited for sums they did not withdraw, and when no one else could possibly have used their card or known their PIN code. As most ATM cards have a cash limit, the consumer is least protected by an upper limit from such "ghost" withdrawals. But with EFTPOS, most could theoretically empty your entire bank account leaving the onus on you to prove that you did not make the purchases with which your account has been debited.

Whatever the potentially undesirable side-effects, the benefits of EFTPOS to retailer, financial institution and customer are such that it seems certain most of us will be paying in this way for some, if not all, of our purchases by the end of the decade.

It is, I suppose, a cheerier thought that if Sheila and I had been shopping in Kalgoolie in Kununurra my bank account would already have been debited. As it is, shopping backward central London, won't have to think about putting my credit card bill for diamond hairclips until at least the middle of next month.

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THERE ARE about 40,000 country houses across France that rank the title "château" or "manoir". A surprising number of classical fortified country houses survived the 1789 burnings of "Grande Peur" and for every story-book castle there are half a dozen less grand but still substantial manors, farmhouses and former priories. Redirection of land in the early years of the Revolution stripped French farms away from most of the ancestral estates. The misfortune of France's nobility has been good news for château buyers. They have found themselves a choice of holiday homes, or property for conversion into flats, small hotels, or business conference centres without the commitments of a working estate. Because few châteaux now have significant farm or park land, prices look relatively low compared to the equivalent minor stately homes in the UK, where at least the rump of former estates tends to survive intact.

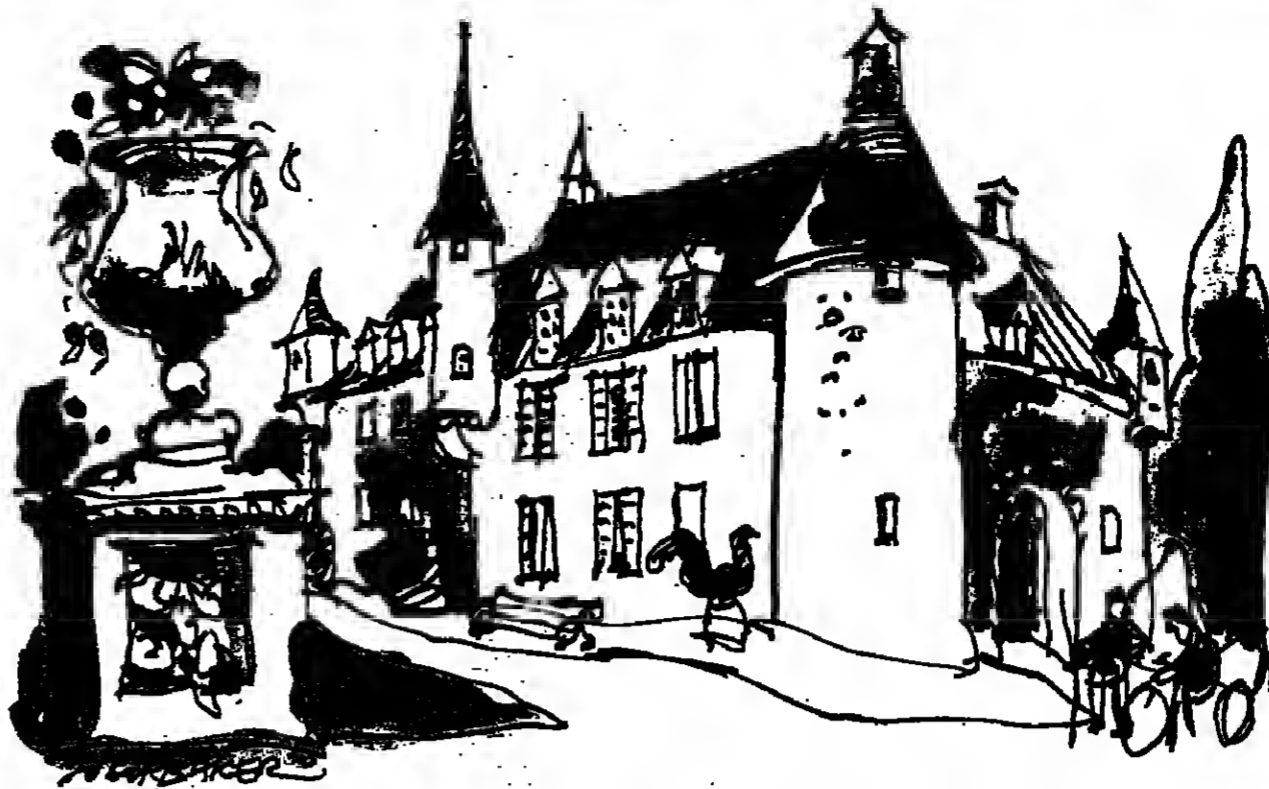
As a general rule the further a château is from Paris, and from the internationally popular areas on the south coast, the cheaper it is likely to be.

The Ile de France is prime Parisian commuter land. Prices there, in north-eastern Normandy, and along the Loire Valley and in Provence, reflect strong local buying interest. There is less demand for properties within the larger more expensive - to - run châteaux - in the more distant reaches of Normandy, in Burgundy, and in Brittany. Eastern France, and the less accessible hill country of the Central Massif, have more than their share of relatively low-cost, secluded country homes.

Prices are also affected by the weather. Northern châteaux, unless within the orbit of Paris, tend to be cheaper than southern ones. As Mrs Diana Horner-Hill says, "A lot of French are fed up with living in the north, and are moving south. The wealth tax has also put a number of properties onto the market."

Mrs Horner-Hill, whose agency Horner Hill & Partners carries quite a range of French country houses, confirms that the political climate has had its impact on prices too. In her view, France's property-based wealth tax has contributed to a "glut of châteaux" on the market.

The Impôt sur les Grandes Fortunes, "IGF" to everyone except French tax officials, sounds more daunting than it is. It applies only to properties valued at more than FFY 3.8m (£50,000), and the annual charge starts at just half a per cent of value. IGF has been an annoying additional cost for owners of large châteaux, and although it is due to be abolished next year, when added to the other financial constraints



John Brennan sets out the attractions of the château Home in a French castle

Introduced by the French Government it has had the effect of bringing more large properties onto the market. Gilt or no, foreigners are often put off by the apparent complexities of French property law. In practice it is straightforward enough. Mr Philip Hawkes and his wife Patricia have been selling châteaux for Hampton & Sons' office in France since the mid-1970s. As they say, once you understand the rules they are simple to follow. Having found a property, an Agent Immobilier or Notaire acts as intermediary between

buyer and owner. It is quite usual to bargain over the price, but, Mr Hakes says, "offering a price that is too low can be an insult to the vendor, and can cause problems in the ensuing negotiations." Once the price is agreed, a "Promesse de Vente" or "Compris de Vente" is signed, and a 10 per cent deposit handed over to the vendor's agent. Legal searches follow, and the French government's agricultural authority checks all deals involving more than five acres of land. (The French like to know who owns their farmland and, in theory, the agricultural author-

ity can step in and compulsorily purchase land that it wants to keep in French ownership. But in practice, gardens—even fairly extensive châteaux grounds—small farms, and minor arms, and minor vineyards are rarely of interest to the authority.) A "Certificat d'Urbanisme" is the next step. This is a government document that spells out limits to building work that may be done to the house and grounds. It details any planned developments—like a motorway or new airport at the bottom of the garden—likely to affect the property.

The final stage of purchase comes with the signature of an "Acte de Vente" witnessed by a Notary. That is when the full purchase price, plus expenses, must be handed over. Expenses—taxes, plus legal and agency fees—normally come to between 7 and 10 per cent of the price.

Choosing your château is the fun part. Hampton's and Horner Hill's lists show how wide the choice can be.

A converted 15th century priory in the Loire Valley, five miles from Gen, with two out-sized bedrooms and a secondary

house with four rooms, shows that it is still possible to find an historic second home for the price of a London flat. The St Gondon Priory costs FFY 1.1m (£100,000), at the bottom of Hampton's price range. The Priory shares the bargain basement slot with a five bedroom, 18th-17th century manor at Bourbonnais, for FFY 1.2m, and a 13th-14th century fortified mill at Moulins de Labarthe, 23 miles east of Bordeaux, on sale for FFY 850,000 (£78,000). The mill is in need of restoration, but it does have a four room house alongside, as well as six acres of its own stretch of stream.

If the prospect of rebuilding does not appeal, FFY 3.1m (£285,000) would buy a seven bedroom, 18th century listed chateau in its own 12-acre park 75 miles north-west of Paris on the Dieppe road.

Hamptons (Paris 42 50 35) can even provide a choice of châteaux with moats. One of these, a 17th century 12-bedroom chateau, outside Dunkirk, priced at FFY 8.25m (£235,000), was formerly used as a hotel. At higher prices Hampton's lists grow wider, and increasingly discreet.

There are not enough individually wealthy buyers in the market to make much of a dent on the stock of less fashionably located provincial châteaux and less easily managed 20, 40 and 50 room properties that are big for most private buyers and too out-of-the-way for use as chateau hotels. Mrs Horner-Hill believes that today's prices will attract developers to convert the big houses into flats.

"Five or six years ago, people were wondering what would happen to English country houses like that. Now buyers are snapping up the flats in subdivided houses." Japanese buyers are also keen on châteaux, she says. Not for themselves, but in investment consortia and for business use.

Americans have traditionally dominated châteaux buying, although Europhobia has thinned their numbers of late. The British share most incoming buyers' enthusiasm for southern châteaux in the sun. Other buyers range from health farmers to companies setting up clinics and nursing homes. There are a fair number of hoteliers, occasional religion order, and a steady stream of writers and artists in search of comfortable solitude. Religion and art combine in the nine bedroom Renaissance chateau at Les Eyzies de Peyrieux on the Côte de Jor. Horner Hill (0403 59597) have it on the market for FFY 5m (£460,000). A good agency will be able to help you buy, complete with pool, 72 acres of land, and astrologer's tower room, the neighbours' list for and your guest list include the Dalai Lama.

AGENCY HEAD ATTACKS TAKEOVERS BY CONGLOMERATES

MR JOHN SIMPSON, chairman of Connells, the publicly quoted estate agency which now has 42 offices in the shire counties, Surrey and Sussex, has harsh words to say about the takeover of agencies by financial conglomerates.

"We do not agree that a principal purpose of the residential estate agent is to act as a funnel for the forwarding of financial products. Furthermore, it is optimistic to expect that from the cobbling together of independent businesses—very often with divergent philosophies—a sound national chain of estate agents will emerge."

Connell's largest outside shareholder is Legal & General, which holds 9.1 per cent of the stock.

AT £266 an acre, the 500 acre Rosehill sheep and cattle farm, complete with 17th century farmhouse with four bedrooms, adds up to £169,000. Its price reflects the location. It is in West Kintyre, Argyre.

Gilga, Savills in Edinburgh (031-226 6961) how to prospective buyers' doubts about Scottish coastal weather by pointing out that there is little snow or fog—and 45 inches of annual rainfall.

FULHAM'S Edwardian estates have been a traditional second choice for London buyers priced out of Chelsea. Riding the wave of international buying to the west of the city, Fulham prices have been moving steadily up, with recent sales breaking the quarter of a million pounds barrier.

A corner house at 1 Ryecroft Street may take the area record with an asking price of £365,000. The house is big enough to make a 6 bedroom home, and Mr Toby Chalmers of Cluttons (589 1122) thinks he will have few problems with the price.

This, of course, begs the question of where to look when you have been priced out of Fulham. Chalmers' best bets are Clapham (there are few bargains there) and Shepherd's Bush, which could be next in line for an invasion of "C" registration Volvos and company BMWs.

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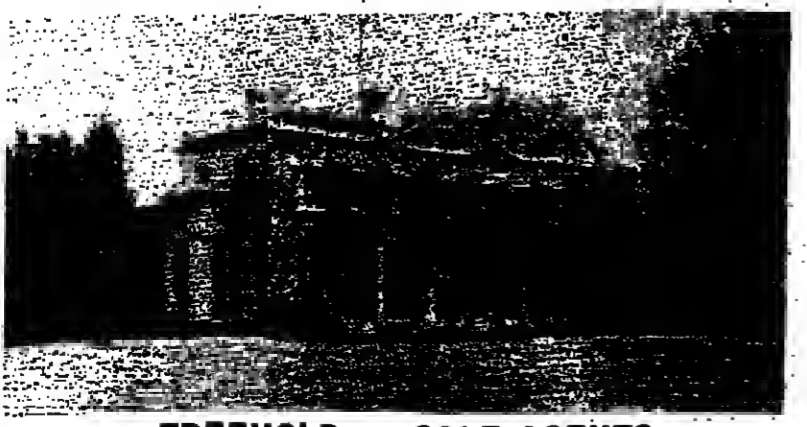
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Culture on the grass

Anne Campbell Dixon on the great outdoors entertainment boom

FOREIGN VISITORS find it curious that the cool wetness of our weather does not dampen our enthusiasm for outdoor evening diversions such as concerts, plays, operas and balls which could just as well be given indoors. These events are actually increasing in number and popularity around the country, hoisted considerably by the National Trust's current policy of making more active use of its stately homes.

There is undoubtedly a romance, an 'Oh to be in England feeling, about these outdoor events, and a glamour too: in an age when a skirt and jumper constitutes formal wear for the London theatre because much of the audience is in jeans, people happily don evening dress to spend an evening sitting on a lawn.

Glyndebourne, which held its first season in 1934, is partly responsible. The Glyndebourne season runs until August 15, but as usual is fully booked, apart from a trickle of returns. The National Trust has been inspired to set itself up as the poor(er) man's Glyndebourne, with the Pavilion Opera Company's performances of *Così fan tutte*, *Rigoletto* and *L'elisir d'amour* at stately homes around the country. The trust also fields two theatre companies and, most adventurously, has revived the 18th-century *fête champêtre*, this year to be held at Claremont and West Wycombe Park, with a Regency Romp at Attingham Park.

The Crystal Palace concerts, now taken over by Bromley Council from the defunct GLC, provide the most genuine, least self-conscious example of culture for the masses that I can think of: the grounds are packed, largely with native South Londoners of all ages. To begin with little attention is paid by the picknicking throng to the music, which in any case cannot be heard. It must be admitted, with crystal clarity unless you are near the front.

But during the second half, as night falls, the audience settles back to listen seriously to Tchaikovsky's 1812, Handel's Music for the Royal Fireworks, or Dvorak's New

World Symphony, to the accompaniment of an imaginative and spectacular firework display among the trees and over the lake—what more could you ask for the grand sum of £2.50?

Here is a selection of this summer's open-air events, with attempts to suit most tastes:

- *Fête Champêtre* at Claremont, Surrey. Music, dancing, sideshows and fireworks in an 18th century landscape garden. Period costume may be worn (20th century umbrellas recommended accessory!). July 16-19. Inquiries: 0372 57223.

- 18th Century Follies at West Wycombe Park, Bucks. Dancing, music, illuminations and fireworks. Bring an 18th century picnic! Proceeds shared between National Trust and Cancer Relief. July 18-20. Inquiries: 0494 29051.
- Midsummer Music at Chedworth Roman Villa, Glos. June 22. Inquiries: 0684 291747.

- *Romeo and Juliet* at Ludlow Castle, Shropshire. June 24 to July 5. Inquiries: 0584 2150.
- Cambridge Festival: Singing on the River, madrigals and part songs on King's College Backs, July 20 and Festival Fireworks at Parker's Piece, July 19. Inquiries: 0223 357851.

- *Strains at Stourhead*, Wilt. New Sadler's Wells Opera Ballet, with Fireworks, July 23-26. Inquiries: 0747 940 550.
- Open Air Theatre, Regent's Park, London. Season includes *Romeo and Juliet*, *Midsummer Night's Dream* and *Arms and the Man*. Until September 6. Inquiries: 01-486 2431.
- *Così fan tutte* is at the following National Trust properties: Basildon Park, Berks. July 8. Inquiries: 0494 26051. Oxburgh Hall, Norfolk. July 31. Inquiries: 0263 733471. Bevington, Yorks. July 12. Inquiries: 0904 470715. Osterley Park, Isleworth. August 15. Inquiries: 01-223 9251.

- *Rigoletto* at Osterley Park, Isleworth. August 14. Inquiries: 01-223 9251.
- *Wolfe's d'Amore* at Attingham Park, Shropshire. September 16. Inquiries: 074 377 649/343.
- *Edwardian Extravaganza* at Dunham Massey, Cheshire. July 12 and 13. Inquiries: 074 377 649.
- *Twelfth Night* and *The Taming of the Shrew* at Cliveden, Taplow, Berks in the water gardens. June 25 to July 6. Inquiries: 0494 26051.
- *The Merry Wives of Windsor* at Little Moreton Hall, Cheshire. July 11, 12, 16, 18, 19. Inquiries: 074 377 649.

- *Orchestral Concerts* at Rochester Castle, Kent. The London Philharmonic Orchestra play in the gardens. July 26-27. Inquiries: 0634 48584.
- *Open Air Theatre* at Polesden Lacey, Surrey. *Hamlet*. June 25-28. *Arms and the Man*. July 2-5. *Iolanthe*. July 9-12 and *Acker Bilk's Jazz Band*. July 13. Inquiries: 0372 53401.
- *A Regency Romp* at Attingham Park, Shropshire. July 4 and 5. Inquiries: 074 377 649.
- *The Canterbury Tales* at Clumber Park, Notts. July 2-5. Inquiries: 0909 486411.
- *Lucky Chance* at Hildcote Manor, Gloucestershire. And a rare chance to see a work by the 17th century woman dramatist, Aphra Behn. July 9-12. Inquiries: 0684 297747.

- *London Choral* at Ighiteam Mote, Kent. Formal dress, bring a picnic. July 26. Inquiries: 0892 890651.
- *Chichester Festival*. Sheridan's *The Rivals* and Shakespeare's *Macbeth* in West Dean College Gardens. July 7-18; and *Real Ale* and *Jazz Festival* in The Tent, Priory Park. July 8-11. Inquiries: 0245 780192.
- *Concert at Leeds Castle*, Kent. Philharmonic Orchestra conducted by Carl Davis, military bands, firework finale. July 19. Inquiries: 0622 65400.



Glyndebourne on a summer's evening

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Alan Forrest sees the English seaside flex its muscles

Not the end of the pier

BRIGHTON IS looking a little tired this year. The Royal Pavilion, attacked by a dissident student's petrol bomb, is partly under covers; and although the visitors can still trot around, it will be some time and £8m before Prince's folly-by-the-sea is restored to its former glory.

The Grand Hotel hides under its scaffolding, still under repair after the IRA bomb at the Tory conference. The Queen's and the Royal Albion are being refurbished. The two piers, Palace and West, are also looking tired, but everything will be all right soon, they tell us.

For consolation there are always oysters at English's, or a Belgian chocolate shop, and what's left of The Lanes, that curious combination of antiques and rip-offs which has helped to make Brighton what it is. But everybody appreciates the local joke about the first-time visitor who was asked: "What do you think of Brighton?" and replied: "I'm not quite sure. When I was there, they appeared to be still building it."

Brighton is just one of the English seaside resorts limbering up for the summer season. Most are asking: "Where do we go from here?" The English seaside holiday has taken a jolt in recent years because the argument goes that it cannot compete with abroad for prices, weather or accommodation; and that anybody who cannot afford at least a three-star hotel is condemned to rock, candy floss, evil landladies and "lights out at 11."

For a real fan of the English seaside, this isn't true and never has been. You need only visit four resorts on the south coast — Torquay, Brighton, Bournemouth and Hastings — offered by a new consortium called Waves for short and long breaks, to see that a lot is happening.

The Waves plan means you now contact a high street travel agency and ask for an English seaside break, which will be booked for you through the computer, just like a Continental package holiday. It saves the trouble of ringing several hotel groups or writing off to Mrs Jones of Seaview House, and is showing some success, particularly with people wanting short mid-week or weekend breaks.

Are the resorts getting their image right though? At Torquay, they said: "We want to get away from the fish and chips." But from the fish and chips? Torquay with fish and chips? Torquay to me is a short drive down the road from where Drake played

with, and where Agatha Christie's father toddled along the cliff to play bridge at the Torquay Club and thanked God he had enough money not to work for a living.

Bournemouth is also a place full of surprises. Would you believe it has five casinos? It seems that retired people with a few bob like to gamble it away rather than leave it to feeble-legged progeny, and the night air of The Chines is heavy with the sighs of geriatric roulette players.

The town's contribution to the rebirth of the English seaside includes "special interest weeks." Recently, it was The Thirties — picture hats and flowery frocks at the Royal Bath Hotel tea dances and, perhaps the best buy of all, a local pub selling draught beer at 5p a pint for just one day.

On at present is a Health Week. This will turn the town into a massive health farm: saunas and exams working overtime, and even group sessions at some of the hotels to persuade people to break the smoking habit.

It is all delicately sponsored by a locally-based insurance company with the slogan: "Our interest is to keep you alive."

Hastings cannot offer anything so exotic. As one of its tourism officials said: "We can't pretend we're in the first division of seaside resorts. But we're a pretty good second division club." So, in the next few years the resort will spend £5m doing nice things — like new seafront lighting ("we're not competing with Blackpool"), making the White Rock Pavilion a theatre to be considered, turning the smugglers' caves into a Museum of Smuggling, and so on.

One of the White Rock stars of the season is Anthony Steel, the former Mr Anita Ekberg, playing the lead in a new thriller. So the answer to "Where are they now?" is "Probably at Hastings."

In spite of all the gimmicks, however, things are bright and beautiful at the English seaside. Torbay in the twilight made you glad to be in England now (that June's here). Bournemouth offered us surf-riders in the sea on a rainy morning when you could hardly stand up on dry land. Brighton is still a beautiful old town of a town; and Hastings convinced us that the Saxon housecarls didn't die in vain at Seaford. And everywhere the fish and chips were OK, too.

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The Austin-Rover Montego Mayfair... a surprise package

The 103 hp "O" series engine is a smooth performer. At the standard motorway cruising rate of 80-85 mph the stereo radio/cassette player can be enjoyed, and the Montego remains quiet if pressed to 100 mph. It is quite high geared; at just under 4,000 rpm the speedometer shows 90 mph.

The automatic transmission is excellent (it would fault it only for being a shade eager to change down when one is in no hurry).

On a trailing throttle it will drop into third gear at over 40 mph. Slight pressure on the accelerator at 60 mph also brings an unnecessary change-down. As a result, the Montego was inclined to hunt between

third and top when top would have done nicely. Fuel consumption must suffer under such give-and-take conditions, though my 32 mpg for a mix of motorway and city centre driving seemed perfectly reasonable.

The low profile 65 series Michelin TDX tyres give a quiet and cushioned ride, absorbing road shocks and muffling the noise caused by changing surfaces, even if they do make the steering heavy when parking.

The seats are well shaped, though unyielding enough to excite the admiration, even envy, of Mercedes-Benz. All-independent suspension is also on the firm side. Though I

enjoyed the Montego most in the motorway, it handled a bit ably when driven briskly in minor roads.

I liked the driving posture. There is effective face ventilation and a sunroof that may be used at 70 mph with too much wind noise. Both of side mirrors are electrically adjustable. There are inter releases for petrol filler lid and boot lid; central locking electric front windows, wipers that disappear under the bonnet when not in use. The boot is family hold sized. Rear seat legroom is at all had, though a well built six-foot frieed said he could have done with a bit more headroom.

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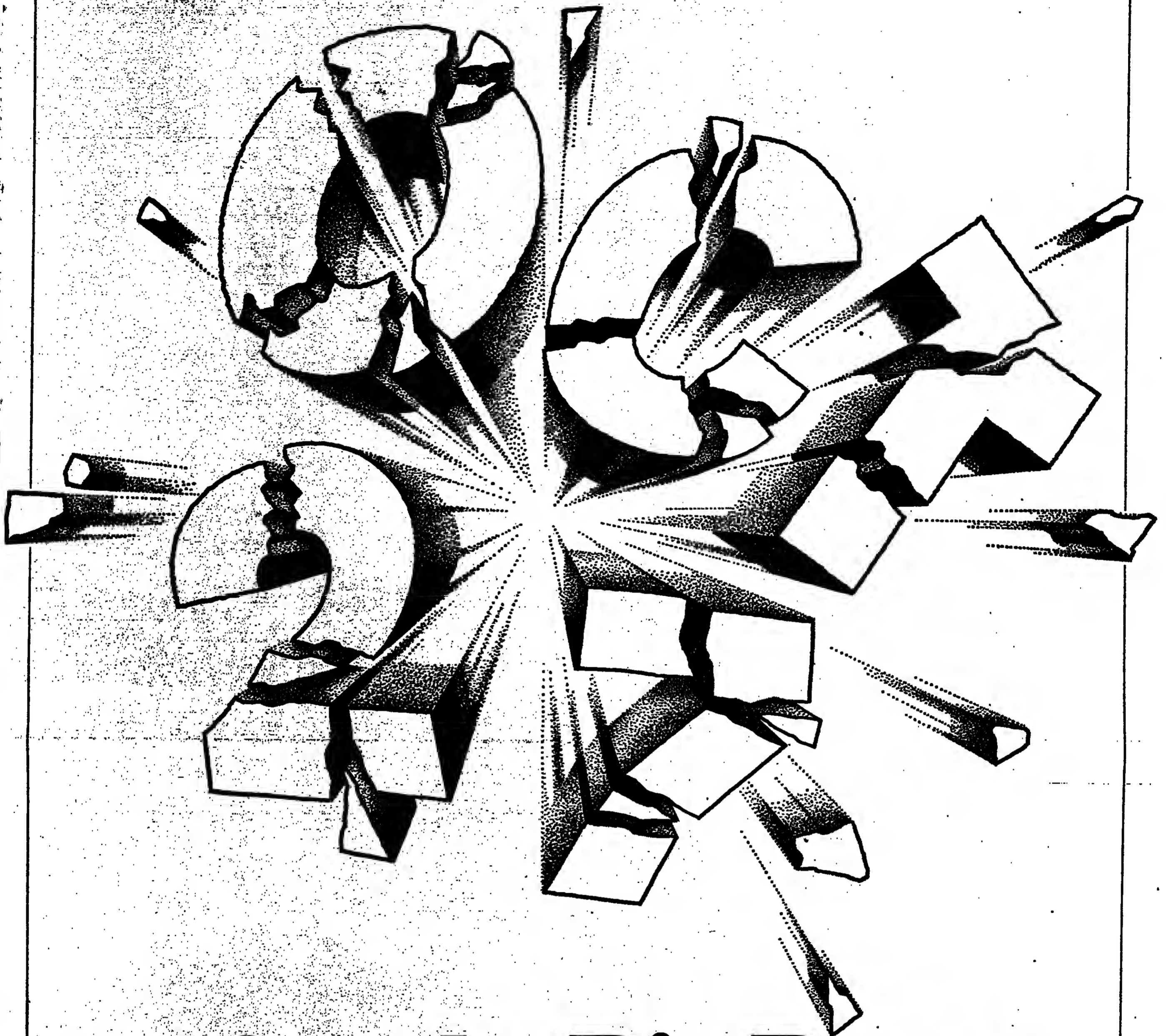
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On October 27th the FT will analyse a revolution - The City Revolution.

In the FT Survey, twenty specialist writers will examine and comment upon every aspect of The City Revolution: How it came about, what the changes will be, and the probable shape of things to come.

The FT's well-informed and authoritative approach will be reflected in the survey, making it one that every businessman in every company affected will read, keep and refer to again and again.

It is, therefore, an important issue for your advertising to appear in, one that will still be effective long after October 27th.

The person you should contact is Nigel Pullman on 01-248 8000.

Collecting Artist who was top of the pots

THOMAS TOFT is a giant in the pantheon of English pottery, even though we know practically nothing of his life, except that he worked in Staffordshire, possibly at Stanley, and died in 1689. Fortunately to be the first English potter to sign his work. For centuries craftsmen — some of staggering accomplishment — had worked their potbanks and lived and died in anonymity. Toft made up for the centuries of modesty by planting his name in letters an inch high on the face of the objects he made.

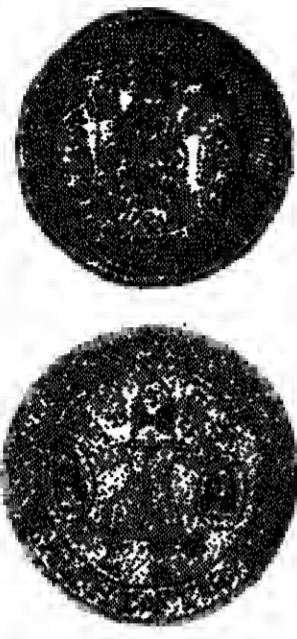
These, as we know them for the most part, were massive chargers, some almost two feet across, exuberantly decorated in applied clay "slips." This technique of decorating ware with clays of a different colour is as old as pottery itself. Certainly long before the arrival of Toft, it was widely practised among the potters who had settled in Staffordshire where clay and wood for firing the kilns were abundant.

Slip techniques varied. The object to be decorated was first thrown on the wheel or moulded in clay of stiffish consistency and dried to "leather-hard," after which the coloured clays were applied in a creamy consistency. The plate might be dipped and the design etched through the over-all layer of colour; alternately the "slips" could be painted on, or mixed a little stiffer, applied like the sugar icing on a cake, using adaptations of the icing-bag principle.

Thomas Toft combined the methods, though the distinctive effect of his chargers was principally achieved with the icing-bag method. Within its naïf idiom, the decoration of his chargers reveals mastery draughtsmanship and a rare instinct for composition and design. The potting, lead-glazing and firing demonstrate an equal mastery of ceramic techniques.

All the potters unashamedly copied each other's designs, though none ever matched Toft's energy. The range is limited—as no doubt was the imagery accessible to these rural craftsmen, who cannot have been familiar with illustrated books or printed matter. Like their forefathers, their visual inspiration had to come largely from the church, or the armistials of great houses and inn- and shop-signs.

The chargers above all reflect enthusiastic royalist loyalty: the Restoration was a very recent memory for Toft and his contemporaries. It was obligatory to



Top: A Toft slipware dish to be sold at Sotheby's on July 1 (estimate £30,000); above: a Talor slipware dish with portrait of Charles II (estimate £30,000)

display the Royal Arms in churches; and the potters used the arms decoratively, if not with perfect heraldic exactitude, to ornament their chargers.

Royal portraits were popular. Charles and his consort Catherine of Braganza appear separately or together; Catherine's distinctive fringed hair was clearly great fun to do with an icing-bag. One of the most popular subjects was Charles hiding from the Roundheads in the oak of Boscombe. The incident was still recent

enough to be documentary, but the potters formalised the design so that the King's head seemed to grow like an exotic fruit at the centre of the tree. Ronald Cooper, the leading authority in the field, speculates that this may represent "a remote echo of primeval Tree Spirit worship."

Subjects from church iconography were Adam and Eve and the Pelican and her Young. Profane themes included a coy mermaid and various representations of anonymous cavaliers wielding swords, glasses or tobacco pipes.

The Toft school faded out with the first decade of the 18th century, though slipware techniques have never lost their appeal for artist potters. The succeeding generation of Staffordshire potters developed a new technique of moulding plates with a raised design which was then picked out in slips—a form of multiple production that anticipated the coming industrialisation of the potteries.

Probably too rustic for Victorian taste, slipware of the Toft school was comparatively slow to attract collectors. Serious appreciation began with the French ceramist Louis Marc Solon who came to England to work for Mintons towards the end of the 19th century. Solon—who brought slipware technique to its most sophisticated form in his own *païse-sur-pâte* ware—was so fascinated by the Toft chargers that he spent his free time going from house to house in Staffordshire, buying up examples that had survived as heirlooms.

His collaborators at Mintons were so amused by this eccentricity that they mischievously faked a charger inscribed "Thomas Toft, Tinkerr's Clough, I made it 166—" and planted it in a cottage for Solon to discover. Solon fell for it, and several generations of connoisseurs were misled before the hoax was revealed.

Despite even Solon's efforts, less than 50 pieces by Thomas Toft are recorded, along with 100 or so by his contemporaries. Most are gathered into museums, so that the infrequent examples that appear on the market command some of the highest prices among British ceramics.

On July 1, Sotheby's is selling the ceramics section of the spectacular collection formed by the late Tom Burns of Rous Lench, including a William Talor full-length portrait of Charles II and a Thomas Toft charger with a design of a stylised bird. The saleroom estimates £25-35,000 for the Thomas Toft.

Two considerably less important and unsigned examples are recently sold at Sotheby's for £16,000 and £23,000.

Janet Marsh

Wheels within wheels

Mike Strutt discusses bicycles

SUMMER IS the cyclist's season and a few sunny days will bring them out in force. National Bike Week may even have created some new enthusiasts and for them, as well as cyclists looking to change their machines, here is a selection of useful, and unexpected, models now on the market.

The well-thought-out Peugeot Force 3, made by one of Europe's biggest cycle manufacturers, is the best new city/

leisure bike to appear for a long time.

Force 3's most important feature is its eight-cog, positive shift gear system, the result of a joint venture between three major component makers, which does away with the need for a double front chainwheel.

The bike is a genuine lightweight, at about 26 lbs, thanks to many alloy parts. There are excellent sponge handlebar grips, anatomical saddle and

good brakes. The only letdown is a flimsy rear carrier.

On the road, the Force 3 spins along briskly and handles well. Half toe-clips keep the feet firmly on the pedals but allow you to drop a toe quickly at traffic lights. Price £249.

Pedal into another era on one of the most distinctive and comfortable bicycles ever produced—the Pedersen, designed by a Danish inventor, Mikael Pedersen, in the 1890s. No drop handlebars here. You sit bolt upright and glide along in sedate Edwardian style. The machine was built in

Gloucestershire for 20 years at the turn of the century, and production was revived in Copenhagen in the 1970s. Now they are being made in the UK again to the original high standards.

The two-size frame has quality lightweight tubing and retains its unique hammock saddle, while the rest of the components are modern. They include 10-speed derailleur or five-speed Sturmey-Archer gears to cope with hills on extended rides.

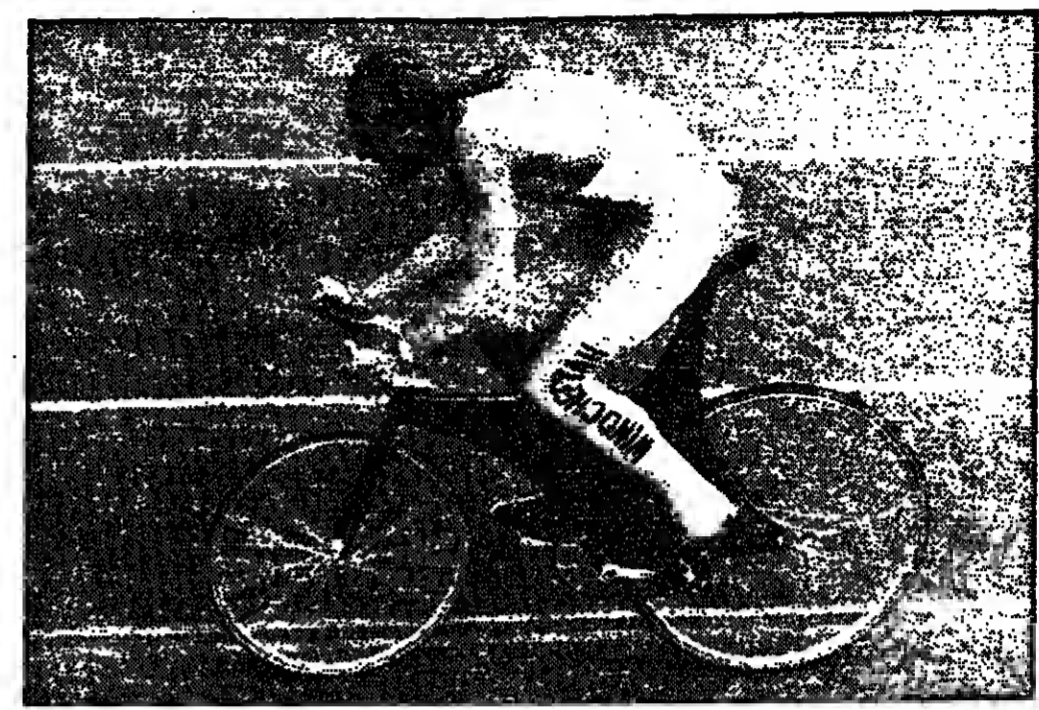
How far can you go? Well, two of the bikes are shortly to

Right: Mike Burroughs' Windcheetah. Below: The Bridgestone Picnic. Bottom right: Francis Green and his Rockabike



AVAILABILITY

Peugeot Force 3: at Peugeot dealers.
Pedersen: direct from Individual Bicycles, Victoria St, St Paul's, Cheltenham.
Hon folder: Covent Garden Cycles, 37, Short's Gardens, London WC2 or direct from G. R. Morley and Associates, Hill View Rd, Wraybury, Staines TW19 5EQ.
Bridgestone Picnic: generally available from dealers.
Rockabike: Francis Green, 95, Lawrie Park Gardens, London SE26 6HW.
Windcheetah: Mike Burrows Engineering, Green Lane West, Rackheath, Norwich, Norfolk NR13 6LW.



be ridden across the United States from Los Angeles to New York. The Pedersen is sold as a luxury cycle and it costs £649 complete, or you can buy frame only for £356 and fit your own components.

Two new folding bikes extend the range in this specialised market. The Hon, made in California and now available in Britain, is a short wheelbase machine which, folded, would fit under most bus or train seats.

Folding and unfolding takes about 45 seconds and no tools are needed. The step-through, fully adjustable frame will fit anyone from a child to tall adult.

On the road the Hon feels sturdy and secure. The riding position is well back but the machine is generally comfortable for the journeys for which it is designed, say five or six miles. The three-speed gear but provides enough gears

to pedal along stannily and tyres soak up the road bumps. The weight, 33 lbs, is a handicap. This is too heavy to be carried far though there is built-in castor which enables to be pulled along. The price of £179 includes carry bag and delivery.

Bridgestone's Picnic is a Japanese minibike which can be folded easily in one simple movement by collapsing the rear seat stays. It fits children and medium height adults and is probably best suited to fairly local journeys: say, to the shops, for getting about camp site, or an easy run. This is a single-gear bike with the unusual refinement of belt drive folders since the frame does not flex.

It is a strictly fair-weather machine, however, with no mudguards and no means of fending any. Folded, it is still long and bulky and suited mainly for transport in a car boot. You would get a dusty welcome on a crowded train, especially as there is no carry bag. Weight is 31 lbs, price £249.

Completely out of the ordinary is the technically ingenious pedal and rowing action Rockabike, designed by architect Francis Green.

You sit on the wide-chairlike seat, start pedalling, and can then push or pull the handlebars (or both) to provide extra power. It takes a little practice since the handlebars swing forward alarmingly until you learn to control them.

Once under control you can make short or long strokes as you wish, and Green, who has dance experience, points out that by rowing as well, you use and exercise a lot of muscle power in the back shoulder and arms that cyclists do not normally use. Green says it is the rider's whole body involved in a dynamic and creative way. "I still find new patterns every time I ride." The bike is fast, with a very high top gear. The £1,195 price tag reflects the Rockabike's complexity and quality throughout. The first batch is just becoming available.

Last, is a futuristic carbon fibre competition bike for punt, racing and time trial events. Mike Burrows' Windcheetah has monocoque construction which dispenses with the steel tube frame of normal bikes and provides much improved streamlining.

At present, the weight is mere 15 lbs, comparable to the lightest competition bikes. Burrows reckons the weight could be reduced even further once the machine is manufactured. Available to individual order at the moment, the frame and handlebar unit costs about £600, with components to be added.

FR
EE
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PAGNE

Buy 5 bottles of any champagne from Oddbins famous list before July 13th and we'll give you a sixth bottle absolutely free.

We're also offering Bell's Whisky for £7.99 and Godons Gin and Smirnoff Vodka for only £5.99. That's enough to pop anyone's cork!

For further details contact your local branch or call Gordon Kerr on 01-481 2944.

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Gardening

Lovely lilies

LIKE many other plants popularly known as lilies, the Peruvian lilies are not really lilies at all. They do not even make bulbs but have fleshy roots, like thick cord, which in the commonest kind, *Alstroemeria aurantiaca*, can become rather a nuisance since they run about several inches below the surface spreading the plant far and wide.

Before the discovery of glyphosate it was very difficult to control them by careful spraying or painting with Tumbleweed or Roundup will bring them to halt and so this very showy plant can be recommended with the knowledge that it need not be allowed to take over more ground than can be spared.

In winter it dies down out of sight but by early May is in full growth again and by the end of June is three feet high and covered in butterfly-like orange flowers. There is some variation in the depth of colour and a particularly good form has been named *Dower Orange*, although to keep this true it must be increased by division. This is not difficult but more costly than growing from seed, which is best sown as soon as ripe in late August or September.

There are other wild species occasionally grown in gardens including *Alstroemeria peltata* with mauve flowers, *A. pichinchica* (usually sold as *A. psittacina*) with deep crimson flowers tipped with green, *A. haemantha*, a mixture of reds, yellows and purples and *A. violacea*, pale violet and white with maroon flecks. All are scarce, less hardy than *A. aurantiaca* and, though of great interest to specialists, are not for ordinary gardeners.

What certainly can be recommended to all gardeners with a sunny border and a well drained fertile soil is a beautiful range of hybrids between *Alstroemeria haemantha* and another rarely seen kind named *A. ligita*.

These are marketed as *Ligita* hybrids, have little of the invasive tendencies of the common orange *alstroemeria* and offer a range of beautiful colours, mainly shades of pink, rose, salmon and orange.

Even the pale colours have a glow that makes them delightful and they are lovely both in the garden and as cut flowers. They do not last very long, about three weeks in late June and early July. After that they begin to look distinctly unattractive as the leaves and stems ripen and turn yellow, so they need to be planted where they will not be conspicuous.

But the most desirable *alstroemerias* of all are only available to gardeners this year though the first of them appeared nearly 40 years ago. The story is an unusual one.

In the 1940s Col Stephenson Clarke crossed *Alstroemeria aurantiaca* with *A. violacea* in his beautiful garden at Borde Hill near Haywards Heath, Sussex. He called the best of the seedlings *Walker Fleming* and received an Award of Merit for it when he exhibited it at the Royal Horticultural Society Show in June, 1948.

The citation describes it as being 3ft high and having outer segments of barium yellow flushed with rose and inner segments of Indian yellow. It is still grown and is a very beautiful plant.

Col Stephenson Clarke sold plants to the Paris nursery in Spalding and soon the owner, J. A. M. Goemans, was raising more plants of similar parentage. By the early 1960s he was showing and receiving awards for them first for *Ballerina*, *amaranth* rose and *chrome yellow streaker* with garnet brown; *Parigo's Bride*, carrying red and chrome yellow also with streaks; *Parigo's Favourite*, *Parigo's Glory* and *Parigo's Splendor*.

Since *Walker Fleming* and all the later varieties appear to be the completely female sterile, though most produce fertile pollen, Mr Goemans must have used other species or hybrids as his seed parents. This would have made the parentage increasingly complex but he kept his methods to himself, as did the Dutch Van Staaveren company which acquired his stock later.

Both nurserymen put a complete embargo on sales to the public and only leased plants to commercial flower producers who had to sign contracts not to dispose of any stock. So these magnificent flowers, much sturdier and longer-lasting in flower than any that had gone before, have remained for some 20 years the darlings of flower arrangers both amateur and professional but have scarcely ever been seen in gardens though some have been grown successfully outdoors for a good many years at Sissinghurst Castle in Kent.

Now at last the embargo has been broken. At Chelsea Peter J. Smith, of Ghanaconbury Nursery, Ashington, Sussex, was exhibiting six varieties for immediate sale and some more which are to be released later. They are expensive, from £5 to £8 per plant, but they are so beautiful that I am sure they will find plenty of buyers. Since these hybrids have never had a popular name, Mr Smith has decided to call them *Princess Lilies*.

Arthur Hellyer

Intoxicated on roses

VITA Sackville-West once told her newspaper readers that she was "drunk on roses," adding: "I look round and wonder which to recommend." This month, I know I will be sharing her intoxication, and at least I can diagnose it. It is not the Pimmis, I tell myself, or the Champagne, or that pearl of all-wicked-Mediterranean-drinks, the Spanish brandy. If my head spins, it is because I am a hardened roseaholic.

However, while I will be sharing the intoxication, this year I will not be feeling cheated. Vita Sackville-West first identified the state of rosdrunkenness but I have always been denied the vintage she most enjoyed. While describing it she fastened on two particular roses, *Le Reve* and *Grandmaster*. *Le Reve* is a climbing yellow rose, related very closely to the vigorous *Lawrence Johnston* which is about to open on my house. *Lawrence Johnston* is an early rose that flowers only once and quickly careers out of control unless you can give it 30 ft of wall. *Le Reve*, she noticed, was better suited to our gardens as it is not so vigorous. Where, though, can we buy it?

As for *Grandmaster*, it has haunted me for years. My top 10 roses would include the Buff Apricot musk rose, *Buff Beauty*, although it does catch mildew. Could anything in that colour range be superior? *Grandmaster*, the maestro said, is "a great improvement." Unless she was drunk on *Le Reve* at the time, I would not lightly disbelieve

When I was a schoolboy almost every wood and field around my home was defended by notices that trespassers would be prosecuted. This restricted "bird's nesting" to the very young and innocent until we discovered the threat was largely bluff.

Actual damage has to be caused before trespass becomes a punishable offence. If a trespasser has a gun, or ferrets, he could be prosecuted for being in pursuit of game. If he treads down a wheat or hay field he is obviously doing harm of damage.

If he is walking through a pasture he could be accused of disturbing cattle or sheep, particularly at lambing time. Even then, proving damage would not be easy.

In the old days trespassers were intimidated by surly gamekeepers or shouting farmers backing up their painted notices. But these are more sophisticated days. Trespassers know that they are unlikely to be attacked physically (as schoolboys used to be when caught with a pocketful of pheasants' eggs). They do not

Grandmaster is "nearly single salmon coloured on the outside and a very pale gold within, scentless alas but a bush of extreme beauty spattered all over as if with large golden butterflies." I have never seen it, not even in a nursery list.

Perhaps the mention of *Le Reve* flowering once and *Grandmaster* lacking scent does not make your head swim immediately. None the less, you would be glad of a guide to your other favourite intoxicants. Might I recommend a booklet called *Find That Rose?* It costs

only 40p plus 17p stamp and is compiled by the Rose Growers Association, 303 Mile End Road, Colchester, Essex. It is in its fourth year although I have been too tipsy to notice the first three editions. It now lists every rose sold by 75 major nurseries, classing them by codes and helping us to find what we want. In all, it covers more than 2,000 varieties.

Most usefully, the booklet also lists every variety its nurseries offer as standards or weeping standards. In its view, these two types are really the

do three things in order to secure police help.

First make clear, by notice and physical barriers of a kind, that access to the land is forbidden.

Second, the owner must present at the time of a threatened trespass, an unpublished entry.

Third, the owner must arrange that the police be alerted to witness the warning of forbidden entry, observe subsequent violation, if any, of the owner's rights.

Those three actions will probably ensure that the police will reinforce an owner's case if any subsequent court proceedings are brought. But will police be prepared to deal physically with an invasion of property under those circumstances other than those likely to lead to a breach of the peace? Would I be entitled to ram an invading burglar, or lorry, or helicopter, or hippie who could justify striking the first blow in such a confrontation? This is becoming an urgent problem.

John Cherrington

Rights to enjoy

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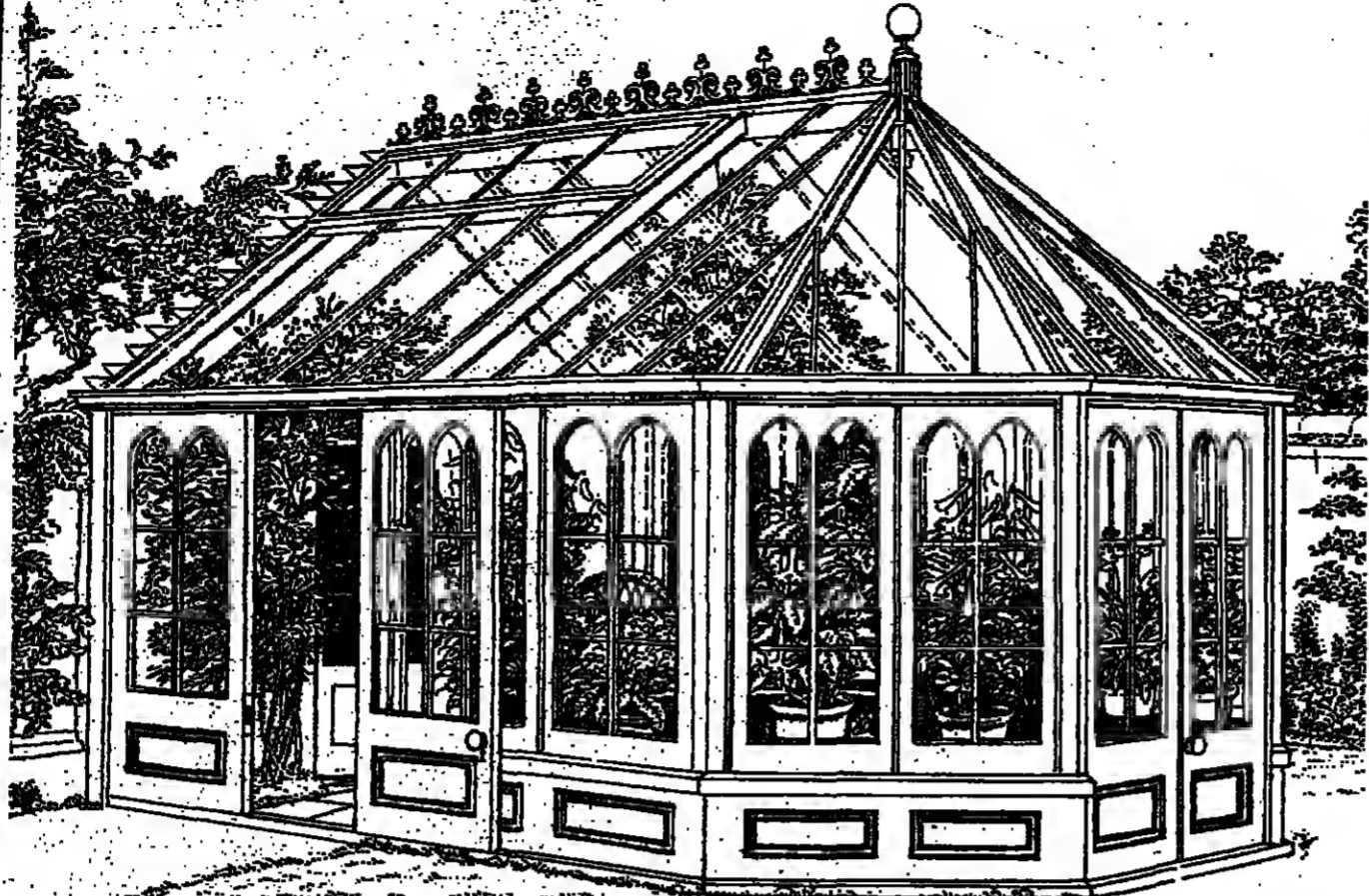
Green and pleasant living

Lucia van der Post
HOW TO SPEND IT

AS THOSE long hot summers of the mid-1970s fade in the memory, the conservatory becomes more and more of a comfort in these chill spring-like days. A conservatory is the perfect link between outside and inside; it offers the civilised comforts of indoors, the warmth and the protection but its airy construction means that the green and growing environment is all around, offering the illusion of being out of doors without its hazards.

Certainly, conservatory companies are booming. Since the early 1960s, when only the lucky tycoon was able to indulge, the conservatory has become a more accessible comfort to large numbers of people.

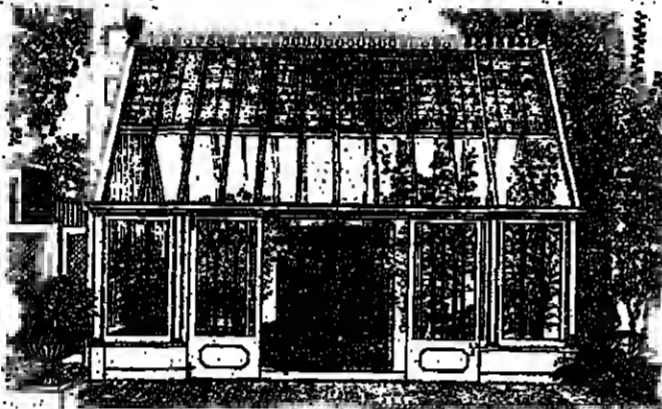
There are modular kits, and companies who will create a one-off magical world to your specifications. Shown here on the rest of the page are some of the options available.



Design for romance

MARSTON & LANGINGER offers two standard styles of conservatory—the Norfolk and the Suffolk. They are enchantingly pretty, and would please those whose notion of such things has been gleaned from romantic Victorian novels.

Both styles are best suited to period houses and are least expensive when ordered in standard sizes. However, they can be adapted to a variety of sizes, layouts and even roof shape.



The Norfolk, sketched here, is the 19th century style, designed to suit houses of classical design—a Georgian stone house, for instance, or a stuccoed Regency terrace. Although basically rectangular in form, four different sorts of roof are on offer—ridged, hipped, lean-to and lantern. The delicate icing-cake effect is achieved by detailing like

a house wall. It can be ordered as wide or narrow as you like. Once again, there is a choice of final, designed in turned timber and ornate cast metal, and there are decorative timber brackets.

Both designs are made from a combination of pine and other hardwoods, preservative-treated, primed, and undercoated with suitable paint. Designs come single or double-glazed, although some of the more intricate windows and doors cannot be double-glazed.

Prices vary depending on site, size, layout and details. But a rough guide to the standard conservatory range runs from £5,000 for a modest model to about £50,000 for the ultimate in stained glass and curved domes. Marston & Langering designs, manufactures, delivers, erects, and glazes the conservatory, although it does not provide foundations (it can provide drawings for your builders to work from).

Write to Marston Langering, Hall Staithe, Fakenham, Norfolk NR21 9BW for further details and brochure.

Label it posh

IF YOU have ever wondered what is so special about labels that spell "prestigious"—be they Yves St Laurent couture, Lalique crystal, or Sea Goddess cruises—or if you have never ventured through the doors of some of the world's more exclusive showplaces, now is your chance to find out what (if anything) you have been missing.

In a special exhibition called Les Journées du Prestige, 24 exclusive names, mostly French, are showing together before an invited audience in London, in a three-day event to which FT readers are invited.

Here you will get a glimpse of John Lobb, the royal boot-maker, David Hicks, the grandee of British interior design, Van Cleef and Arpels jewellery, Jean Barthelet millinery, Perrier Joutet ebam-

pagne, Bernard Steinitz antiques, Porthault household linen, Pascal Morahito luggage, among others.

So if you need ideas for that special occasion, or simply want to see how the rich spend their money, go along to the Inn on the Park next Wednesday, Thursday or Friday between noon and 8 pm.

But leave your wallet behind. It is the soft sell—no

banknotes or pieces of plastic in sight; it is a case of look now and buy another day.

The push-over's favourite-label-show is the brainchild of Nicholas Orliowski, a 25-year-old business student. Already the exhibition has been aired in Geneva and Paris, and there are plans for it in the US and Australia.

Other exhibitors include Albert Lesage couture embroidery, Birger Christensen furs, Céline prêt-à-porter sport and leather, Christian Dior lingerie, Francesco Smalto men's couture, Interchasse sporting wear, luggage and gifts.

It is not, of course, "open to the public"—but readers of the FT will be welcome on presentation of this page at the door.

Feona McEwan



Top, Lesage embroidery; right, Lalique crystal; centre and left, Nini Ricci prêt à porter and luggage

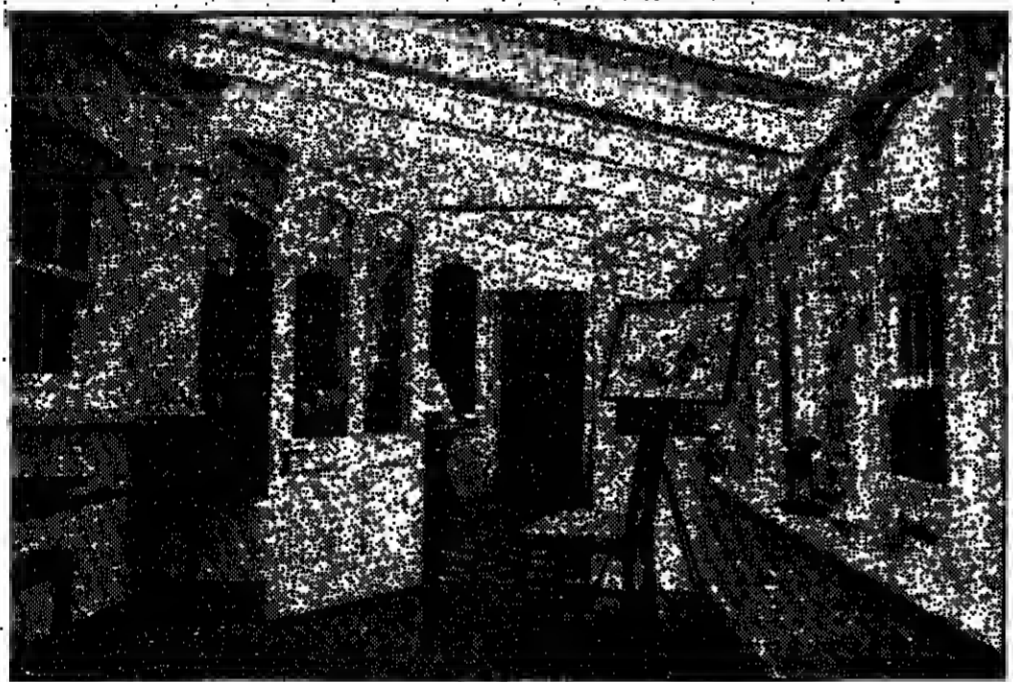
Light and airy all year round

ALEXANDER Bartholomew Conservatories, of 277 Putney Bridge Road, London, SW15, has made a speciality of conservatories as warm as a womb. Alexander Bartholomew believes in using only double-glazed glass and draught-sealed doors and windows, and he builds conservatories strong and sturdy so that they become sources of enchantment all year round. He sees no reason why what is often the prettiest room in the house should be only a summer delight. With modern building materials and construction techniques, we should be able to enjoy their green pleasures through the coldest winter days.

Normally, he uses European pine or mahogany for the frames, either in a natural wood finish or painted white. Some aluminium is used to hold the ceiling glazing bars.

Alexander Bartholomew has produced small urban sites (see the photograph here), and large ones in rural areas where space was no problem. He designs each one specially to suit the site: once the drawing and estimate are accepted, it usually takes about eight weeks from start to finish.

Householders who imagine eight weeks of upheaval need



Above, lean-to extension; above right, first-floor model

not fear. Usually, most of a conservatory is built outside, with just the final week of construction time spent on site. Alexander Bartholomew uses modular panels. Since all the units come double glazed, the extension can function as a dining room, play or sitting room, all year round. To give some idea of the Bartholomew range of conservatories, here are two very different ventures. One is a first-floor conservatory, measuring 14 ft by 10 ft, the other a lean-to style. They don't have to come with plants in mind—the lean-to provides a clean and airy backdrop for an art collection.



Prices vary enormously depending on size, location and shape, but a small urban lean-to could cost from £6,000 to £8,000. A free-standing extension measuring about 29 ft by 9 ft could cost from £11,000 to £14,000. These figures include installation, decorating, double glazing and window furniture. Bartholomew will also handle the planning permission to save you the trouble.

For a full brochure, write to Alexander Bartholomew.

LvdP

Watch these points

COLIN Childerley runs a Kensington flower shop, and is the enthusiastic owner of an Alexander Bartholomew conservatory which fills almost the whole back garden of his London house.

As a plant specialist he has become expert at knowing how to care for conservatory greenery. In case anybody is new to the matter, this is his advice.

● Consider the outside area adjoining the conservatory carefully. Use paved terrace, or patio with pots and tubs filled with plants, to link the conservatory to the garden.

● Don't make the mistake of having too many small plants in the conservatory: this makes it look "bitty." Invest in a number of specimen plants of good size and shape, and put each into an attractive floor-standing plant container, then group them together.

● Think about using a large mirror to cover the back wall — this not only reflects the garden but also bounces back extra light.

● Don't make the mistake of thinking that a south facing conservatory is the ideal environment for plants. Unless the conservatory is built with tinted glass, strong sunlight may bleach your plants and they will also tend to dry out easily, so they will need careful watering.

● Remember that from the plants' point of view, a steady moderate temperature will suit them best, neither too hot nor too cold.

● Remember the importance of proper ventilation. Plants need air as much as light in order to thrive.

● Remember the humidity in a conservatory when choosing the flooring — tiling is much better than either wood or carpet.

FINALLY—his top 10 plant selection:

- Ficus Benjamin (Weeping Fig)
- Ficus Elastica Decora (Rubber Plant)
- Philodendron Scandens (Sweetheart Plant)
- Yucca
- Monstera Deliciosa (Swiss Cheese Plant)
- Dieffenbachia Maculata
- Dracaena Deremensis
- Schefflera Arctophylla
- Skindappus Aureus

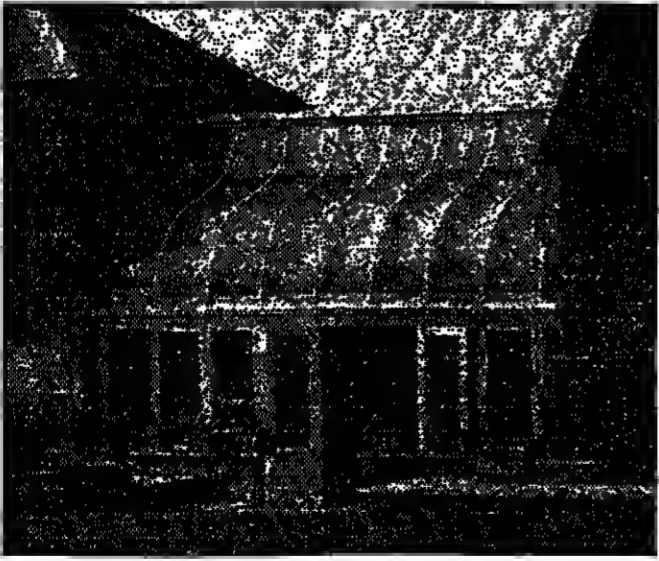
LvdP

A room to be enjoyed

WITH A little imagination, conservatories can be far more than an occasional room, tacked on and used as an afterthought. Some of the happiest results come from integrating the "garden room" into the body of the home.

Machin Designs, which prides itself on stylish lines combined with the latest mechanical refinements, has seen its designs put to varying uses. One Machin buyer turned a flat roof adjacent to the master bedroom of a town house into a conservatory sitting room. Furnished with spacious wicker chairs and cushions galore, it has become a favourite corner for unwinding after a hard day. Another slotted a conservatory between an old country house and a brand new extension.

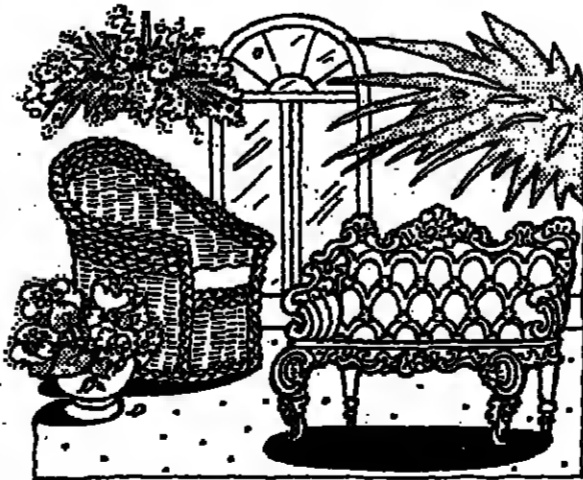
The company has recently moved to Ransomes Dock on the Thames, where it is planning



An integral link between old and new

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Languorous airs



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Good contender for Litotes of the Year

THE LAST DAYS OF THE BEEB
by Michael Leapman, £12.95. Allen and Unwin, 299 pages.

THE "WHAT?" and "how?" of this book are clear enough: the mystery concerns the "why?" Michael Leapman has strung together several of the major news stories which have rocked the BBC in the past 20 years: the departure of Donald Baverstock in 1965 after the triumph of Tonight; the 1971 row with Labour politicians over Yesterday's Men; the Carrickmore fracas in 1979 when Panorama filmed (though never screened) an incident involving the IRA; the 1980 battle over husband-and-wife team Wilcox and Rantzen and That's Life; the Tory outcry concerning BBC coverage of the Falklands war in 1982; the brutally sudden departure of Aubrey Singer from the corporation in 1984; the appointment of Michael Grade as controller of BBC1 last year; the fight between BBC governors, BBC staff (led by the director-general, Alasdair Milne) and the government over Real Lives in 1985. That is the "what?"

As to "how?", all these incidents were reported in detail by the newspapers at the time and Mr Leapman has trawled efficiently enough through the cuttings, from Bernard Levin's Daily Mail splash about his friend Baverstock in February 1965—"Top BBC Man Out"—to the five notorious Times leaders about the BBC last year. He has also read the main books on the subject and talked to many of those involved in these events. He has then, bafflingly, put his narrative together in chronological order but in a scheme which has all the logic

of a croquet course: we open with Grade's appointment, dodge back to Baverstock's dismissal, leap forward to Carrickmore, back to Wilcox, forward to Singer, further back to Yesterday's Men, forward again to the Falklands, and so on.

Much of the writing is in that style favoured by the "Insight" column of the sixties in which the reporter seeks credibility by peppering the chronicle with minute circumstantial detail: the type of waterfall swimming in the pool at the hotel where BBC people stayed in Los Angeles; or the state of the weather. Leapman is obsessed with the weather. On page 106 we learn that 25 June 1980 was "cloudy with rain threatening;" on page 109 that 10 July was "one of the coldest days of the summer;" on page 112 that 21 July was "one of the rare nice days of that summer;" and on page 114 that "the weather had reverted to the norm." With detail like that how can the writer's account of the politics of broadcasting possibly be wrong?

There are a few questionable points, some small and some large. For instance Leapman describes the talkish, averagely built Bill Cotton as "podgy" (thinking, perhaps, of father Billy Cotton), and he has failed to grasp the central stem of the argument about the BBC governors' position in the Real Lives affair: that when they start previewing programmes and deciding what should and should not be shown they become de facto editors-in-chief, a dubious role for people who, under Margaret Thatcher's administration, have been seen to be chosen for political reasons. But on the whole the book seems accurate enough, and it is difficult to understand

how Michael Grade could sustain his claim, made last week, that it is "misleading, mischievous, misconceived, misguided, misjudged, misrepresented, and, I am almost tempted to add, malicious." Such extravagant protests make you look again to see what provocative material you might have missed, though without result.

So we are left with the mystery of why? Why write the book at all, why time it to appear just before the Peacock Report is published, and above all why give it such a bizarre title if you have not a single line of evidence to support it? Hartley spent 273 pages recounting old news stories profitably enough. Leapman adds 14 pages of attempted analysis called "Any Answers." On the final page, in a forlorn attempt to use rhetoric to forestall the obvious criticism, he says: "So far you've cunningly dodged the question implicit in the book's title and it's time to nail you down: are these the last days of the Beeb?" His answer is "I think something called the BBC will survive Peacock."

It was clear even before the book was printed that this would be a serious underestimate. Now, with the main Peacock recommendations leaked, it sounds like a contender for the Litotes of the Year award. Even if the government accepted the main Peacock suggestion and privatised Radio 1 and Radio 2 immediately (which would be astonishing given the record of action on previous government broadcast-line inquiries) the BBC would remain the highest broadcast organisation in the world and Britain's most important institution.

Christopher Dunkley



Alasdair Milne, director-general of the BBC

An Irish view of Israel

THE SIEGE
by Conor Cruise O'Brien. Weidenfeld & Nicolson, £20.00. 798 pages.

THOSE FAMILIAR with Conor Cruise O'Brien's professional career and his superb study of Parnell will not be surprised that this is a knowledgeable, beautifully written, humane book. Dr O'Brien's wide reading in the rich secondary literature provides the general reader with an intelligible and balanced account of the history of both the Zionist movement and the state of modern Israel.

Though condensation inevitably leads to a measure of oversimplification, Dr O'Brien's control over his material and ability to extract the main points at issue makes this a book which deserves a wide audience. It is enriched, though in no way distorted, by Dr O'Brien's use of Irish parallels (Herzl the founder of modern Zionism thought of himself as the Jewish Parnell) and his experiences with the United Nations.

The writer's personal interjections help to make accessible, by way of analogy and illustration, the singularity and uniqueness of the Jewish experience. Drawing on his own background, Dr O'Brien is quick to recognise that combination of idealism, rhetoric and ruthlessness which enables politicians to get their way. The portrait of Chaim Weizmann is particularly astute and convincing in this respect while Dr O'Brien's shrewd appraisal of successive Israeli prime ministers as well as of Yasser Arafat and Anwar Sadat owes as much to his understanding of the realities of power as to his reading.

and which also affects Jews in the Diaspora however much they may disapprove of national state or deplore Israeli actions. The Gentile world has come to terms with the Holocaust; the Jews cannot.

As Dr O'Brien, who seldom shrinks from stating unpopular truths, insists, the Jews were not liked before the Holocaust and are not liked now. For Jews (and that identity is not always self-defined because the unthinkable became a reality once, it can become a reality again. The passage of time makes little difference. Only a minority make the distinction between the survival of Israel and the survival of the Jewish people that appear to the outsider such an obvious line to draw. But the Arab cause, too, despite the justice of the Palestinian claims against Israel, has taken on the hue of negotiable cloak of nationalism. No Israeli return to policy of full citizenship measures of economic betterment will win the allegiance of the Arabs in Israel or on the West Bank and Gaza strip. It will be the leaders of the Arab



Conor Cruise O'Brien

states, whatever the dynamism of inter-Arab politics or its own political ambitions, be to compromise on Jerusalem, the West Bank without annexing territories and dynasties. No Israeli government, even such compromises given, present internal composition.

In fact, the room for manoeuvre is further narrowed by the growing impact of the religious parties in Israel and the spread of Messianic Judaism. Dr O'Brien, a secular Jew and underestimates the irony (heart, mistakes of Jews rejected Zionism with Muslim fundamentalism is recent phenomenon famous not created by Zionism) and tragedy of this double abandonment of Western rationalism. Nothing in this book suggests there can be anything as modest as a present Arab-Israeli tension.

Even should the Israel leadership, out of despair if wisdom, seek an accommodation within and outside their borders and the Palestinian Arabs, with a shrewd application of their own sense of interest, prove more amenable to compromise in the future the possibilities of permanent peace, barring a miracle, are slim indeed. Dr O'Brien's sympathy for the Jewish cause, but with the mythical and nationalist movements on which Zionism was modelled. But as it evolved, and here Dr O'Brien cannot do justice to those alternatives which were to be the historical losers, Zionism became intimately connected not just with the need for a homeland for persecuted Jews but with the mythical and religious concept of the Return to Palestine and Jerusalem. This mixture of nationalism and religion, despite the secular beliefs of the early Zionists was to give Zionism and then Israel its central raison d'être. It was the Holocaust, that confirmation of age-old fears that the world would turn on the Jews because they were Jews, which has permanently re-inforced the siege mentality in Israel which Dr O'Brien so brilliantly depicts

Zara Stein

Funeral meats

Fiction

THE VACILLATIONS OF POPPY CAREW
by Mary Wesley. Macmillan, £9.95. 262 pages.

TIME OUT OF MIND
by Graham Lord. Hamish Hamilton, £9.95. 183 pages.

SNACKWRIST
by Christopher Burns. Jonathan Cape, £9.95. 240 pages.

THE MAHJONG SPIES
by John Trenhaile. Collins, £10.95. 411 pages.

THE PERSISTENT ghost of a man more interesting than any of them, Poppy wonders what to do next. She wonders for the rest of the novel. Regrettably, so does Mary Wesley. Once again she deploys her admirably comic skill to good effect; puncturing the pompous, exposing bumbag, nudging our perceptions in the direction of the absurd.

Blessed are her eccentrics, excited in a novel of quirk, foible and common sense. But a reader-friendly style cannot disguise a skimpy story line, nor compensate for sentence structures needlessly careless. For the latter Mary Wesley is less to blame than her publisher: she deserves a better editor than she got.

Graham Lord's work is at once more solemn, less original, and better edited: crisp, professional writing over a range of ideas justly a "literary" classification, but a little too conventional to satisfy readers seeking evidence of more sensibility and subtlety than Mr Lord seems willing to risk in print. The sum of his six novels is greater than the parts of its fairly commonplace adventure theme. A middle-aged runaway, who has taken a new identity, passport, life, and the liberty to rediscover, the excitement of youth, travels in and out of past time, as well as present space, in the Equatorial tropics.

Death is much kinder than divorce, and to pretend to be dead is at least polite." Graham Lord shows sympathy for women as well as men stuck in marriage. The more dreadful for being enduring. He may be forgiven for recycling the circumstances of Mr John Stonehouse's temporary disappearance, and Frederick Forsyth's famous device for forging an identity, used in The Day of the Jackal.

The first-person narrative

shifts back and forth between dialogue of the "Farewell My Lovely" sort, and 17th century syntax reminiscent of last year's prize-winning novel, Hawkmoor, which demonstrated Peter Ackroyd's mastery of counterpoint in language. For Mr Lord to risk comparison with a wordsmith of Mr Ackroyd's calibre is dangerous—and still more dangerous, indeed, downright fatal, to refer to a woman's breasts as "her clebs".

Christopher Burns' first novel, developed from and well beyond the capacity of an earlier, admirable short story, leeters beyond the danger zone into real trouble. A deeply meaningful young biographer, meantfully (and mistakenly) named Savage, plunges into South American rain forests to find the missing links in the life of his subject, one Dexter Parady, whose meaningful adventures in those parts seem to have come to an end in a plane crash.

Mr Burns' intentions are honourable and serious and he writes well. The book is well-edited. Beyond that, it must be said that readers should prepare for cultures clashing like cymbals, sexual symbolism as luxurious and steamy as the locale, and a number of characters with names like Cutter/Wingbeat, Reflection/Leaf, Nostrum and Bowditch/Shoulder, members of a tribe called Javarunui. Their translation of "Savage" is Kavakap. Hmmm.

There is nothing impenetrably obscure nor even difficult about John Trenhaile's The Mahjong Spies, a rattling good holiday read in the genre known to vulgar critics as the airport fiction. Simon Young and his Chinese wife Jimmy, with a large cast of characters printed out as if by computer, are the pawns in a game devised by the KGB to destroy the financial stability of Hong Kong before 1997—but not if China's intelligence corps, the Mahjong Spies, can help it.

Gay Firth

Fires rekindled

EAST AND WEST OF SUEZ: THE RETREAT FROM EMPIRE
by Tom Pocock. The Bodley Head, £12.95. 208 pages.

THE ESSENTIAL word in the title of Tom Pocock's book is "retreat." Many books have been written about the British Empire; this is not one of them. Many books have been written about how the Empire came to an end; this is not one of them. This book is at once more limited and more personal: it is a string of reminiscences about the many battles waged, and the many retreats more or less skillfully managed, by Britain (and France) as they gradually departed their far-flung Empires.

Tom Pocock has a long history as a newspaperman, one of that select and once glamorous confrerie of "fire-fighters" who were sent at short notice and at the whim of news-hungry editors to endure the dangers and the excitements of those foreign wars which most acutely touched the great British public on the nerve of imperial nostalgia. His experiences are archetypically those of a vanished era, not only because of the inherent drama of the dismemberment of the colonial legacies, but also because Fleet Street's popular press then had the money to cover them with a vengeance.

Pocock's assignments were a roll-call of fiercely-fought retreats: Cyprus, Aden, Malaya, Algeria, Borneo, Vietnam; and it may be as a poetic commentary that he rounds off the catalogue with a brief vignette of peacekeeping in Belfast, the menace of an unseen sniper, and a news report (in The Times) that a soldier has been shot in Northern Ireland.

The irony of this concluding reference to The Times is that Pocock's book is in one sense a projection of his ambivalent

feelings about the once august Thunderer. Although he had been a war correspondent in World War II (for some unidentified organ), he starts his narrative with his entry into Printing House Square in 1963. As with the opening chapter of Eric Newby's A Short Walk in the Hindu Kush (before the walk began), this is in some ways the most deeply felt section of Pocock's book. He evidently was, and perhaps remains, deeply impressed and even over-awed, but also alienated, by the loftiness, the fastidiousness, the arrogance, the superiority of The Times as it then was.



Tom Pocock

But at the time (he was in his twenties) he was so tired of the low pay, the rudeness and the lofty superciliousness which, in some ways, typified all that was most impressive and most repellent about the Empire. Instead, he went to seek his fortune with the popular press: the Express, the Sunday Dispatch, and then for the bulk of his career, the Evening

Standard.

It is in many ways a disarmingly honest book. He confesses to some twinges of shame (then and presumably still) for having lent his talents as a mouthpiece for Lord Beaverbrook, whose outrageously he evokes with deft understatement. He also conveys the chilling sense of fear he experienced when he learned that he would be required to make a second visit to the Algerian civil war: his account of the unparalleled ferocity of that three-cornered struggle between the FLN, the OAS and the French government, is perhaps the highpoint of the book.

The dominant note is of that excitement and exhilaration which characterised so many of that band, who had the privilege of switching almost at will between the dangers shared with the soldiers in the field, the socialising with the top brass, and the expense-account E and R at the bar of the best hotel. This is not a criticism: for a select few, who were always bumping into each other at the latest battle-ground, it was experience which set them apart. Particularly evocative in the book are the episodes which summon up Clare Hollingworth, the Guardian's astonishing war correspondent.

The episodes are told with skill and self-effacing professionalism: the reader gets a strong sense of the action, the fear and the excitement; yet the final impression is somehow insubstantial. Perhaps this is precisely because it is a string of episodes, a succession of tests and adventures, an alternation of sweat and gin-and-tonic, which were in the end the mark of the intensity and of the limitation of the life of the all-purpose fire-fighter for Fleet Street's popular press. It is hard to know what he now makes of it all: I suspect that he regrets both the Empire, the England and The Times as they used to be. He does not really say.

Ian Davidson

Adrian Hamilton
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VIKING

THE GLADSTONE DIARIES, Vol. IX, JANUARY 1875-NOVEMBER 1880
edited by H. C. G. Matthew, Oxford, £55.00. 714 pages

I HAVE always found Disraeli more likeable, indeed irresistible, but have no doubt that Gladstone—weighed against Disraeli's genius—was the greater man, the one who means more in history. This book corroborates my historical judgment, as against my prejudice. The insights one gets into the inner man, from his Diaries, and the judicious and sympathetic introduction of the editor, have converted me to the G.O.M.

Mr Matthew sees that "the mentality of the Victorian is perhaps more foreign to the 20th century mind than any other owing to his being on the side of the angels. He was a century ahead of his time in his religious ecumenism, as against his old friend Manning's insistence on Papal absolutism and subjection to Rome."

Similarly he thought that the problem of Turkey's tyranny over Christian peoples should be resolved by the Concert of Europe, not by unilateral action. He was against "those lusts and appetites which are the great cause of war"—no wonder he was disliked so much by Bismarck, who undermined

Godly calling

international order by his war. How much happier Europe would have been if Gladstone's views had prevailed!

The book shows him genuinely shocked by Disraeli's imperialism. This proved expensive, and gave the frugal Scot a strong card to play, for Disraeli never had much money sense. Mr Matthew makes a new point that the success of Gladstone's Midlothian Campaign was really due to the newspapers, which reported his speeches verbatim. They were at the apogee of their serious influence in those days.

The most revealing thing here is Gladstone's long autobiographical letter to his old friend, Sir Francis Doyle of All Souls, explaining his development from the early Toryism, which he had accepted on authority, to his later Liberalism. Actually he was a moderate, but he expressed his moderation with immoderate zeal; that was the paradox people could not understand. In fact, "I am a firm believer in the aristocratic principle—the rule of the best. I am an out-and-out inegalitarian." So said "the People's William" to Ruskin, who was delighted to hear it.

A. L. Rowse

THE RED AND THE BLUE
Intelligence, Treason and the Universities
by Andrew Sinclair. Weidenfeld & Nicolson, £12.95. 179 pages.

THE SUB-TITLE, indeed the title, of Andrew Sinclair's new book really ought to be "Cambridge: right or wrong." For that is what it is about. The theme is that while the university was producing the traitors (Burgess, Maclean, Philby and Blunt) it was also producing the science that changed the world—in particular, through Rutherford and his colleagues at the Cavendish Laboratory.

The traitors are explained by the climate of the time; a lost generation killed in World War I, a feeling that the Soviet Union offered an alternative to Fascism, the pervasive homosexuality among the male elite, and the secrecy imposed by membership of the Apostles, the Cambridge society made up of the elite within the elite. Some people grew out of it; Burgess and his fellows did not. Simultaneously, however,

A Cambridge paradox

Rutherford was spitting the atom, and the Cavendish Laboratory represented the ideal of an open university. Ironically, one of his colleagues was Peter Kapitza, who arrived from Russia in 1921 as part of a mission to buy scientific instruments. He stayed and became an essential part of the team with his own laboratory.

At first, the Russians went along with it. Gradually, they tried to woo him back. He was allowed to return to the Soviet Union on holidays, then go back to Cambridge. In 1935 they kept him and he was prevailed upon to devote his science to his mother country, his laboratory being shipped bit by bit to Russia.

It is a sad story. Rutherford and Kapitza clearly had a great deal in common. They believed science had to be international. At the same time, both were patriots. Kapitza, who had once wondered if he might become an English peer, accepted that if his country wanted to be Communist, he was prepared to go along. Rutherford's politics seemed to be confined to a belief in the British Empire.

When Kapitza returned back to Cambridge in 1966, it is said that his gown was found hanging where he had left it. Trinity College. He said in lecture to the Royal Society: "The year that Rutherford died (1938) there disappeared forever the days of free scientific work... science has lost its freedom."

Lord Soow, who knew the man, wrote a few pages about Kapitza in his book Variety of Life. There is a chapter about him in David Wilson's Biography of Rutherford, Simple Genius. It kept him and he was prevailed upon to devote his science to his mother country, his laboratory being shipped bit by bit to Russia.

Someone, some time, should embark on a full account.

Malcolm Rutherford

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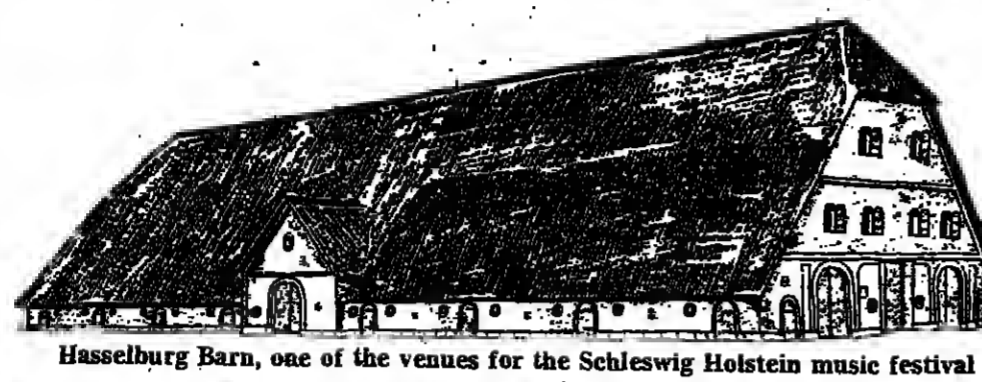
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John, for info

JUSTUS FRANTZ, the Hamburg-based concert pianist, produces ambitious plans with much the same ease he displays in pounding out double octaves; but even he has surpassed himself with his scheme for a summer music festival "with a difference" in West Germany's northernmost province of Schleswig-Holstein.

Rollcall of dreams

Arrau, Ivan Moravec, Andrei Gavrilov and Krystian Zimerman, the violinists include Václav Menhinán and Anne-Sophie Mutter (the latter playing the Brahms double concerto with the cellist Matias Rostropovich); the Bavarian Radio Symphony Orchestra will perform under Leonard Bernstein, the Academy of St Martin in the Fields under Neville Marriner and the Royal Philharmonic under Edward Heath. Hermann Prey will sing Schubert, Peter Schreier Schumann, Brigitte Fassbaender Mahler—and so on.



Hasselburg Barn, one of the venues for the Schleswig-Holstein music festival

This must be no event for "snobs and expatriate accounts," says Frantz, who is perhaps best known for his regular duet performances with the pianist/conductor Christoph Eschenbach. The new festival must certainly have great artists, but also cheap tickets, lots of modern music and—above all—the enthusiasm of young people who should find an orchestra and tour the world.

Those are some of the "big names" who it is hoped will put Schleswig-Holstein on the musical map, but two other aspects of the festival are probably still more important for Frantz. The first is that about 30 of the concerts will specially feature young artists, and Bernstein will hold master classes at Kiel castle for outstanding young conductors.

political and ideological barriers—in Lübeck at the end of this month.

The other crucial backer is Uwe Barschel, the prime minister of Schleswig-Holstein. Not only has Barschel been able to open many doors, as well as acting as chairman of the festival's board of trustees. He has also played the role of speaker in Saint-Saëns' Concerto for the Animals on a benefit record whose royalties will go to the festival. That is just one of the efforts to fill the financial gap which will be left after ticket sales, which will cover only about half of the festival's costs.

Without determination he would never have made a comeback after a serious traffic accident while on tour in Peking in 1982, which nearly cost him his life. For months he lay in a hospital bed with a broken backbone, unable to move. He is back playing again (quite apart from racing about as director of the new festival).

Vanity faces facts

"I WISH I loved the Human Race, I wish I loved its silly face," wrote Sir Walter Raleigh (not the Elizabethan one) in mock complaint. Let's Face It, the new exhibition at the Museum of London, shows brilliantly the steps which Londoners have taken to deal with the problem by changing their faces. Wigs and patches, false teeth and electrolysis needles—here is a fascinating catalogue of frailty in search of beauty.



Face to face at the Museum of London

A trio of skulls is curtain-raiser to the show, not to make a moralising point about beauty being skin-deep, but rather to show Roman and Saxon Londoners in the buff. Antler-horn combs and cones tentatively suggest that invention was even then the order of the day. For from the start Christian preachers denounced women's taste for face-paint and jewellery. Not that sermons had any effect: medieval ladies took tips from Saracen beauties on how to achieve white skin, black eye-lashes and golden tresses.

But not before the fashion for portraiture in the 17th and 18th centuries can we catch Londoners improving on nature. Attractive paintings by Gainsborough, Joseph Wright of Derby, and J. Clover show how hair began to billow into vast powdered edifices, and women's faces to disappear under inches of white lead and arsenical rouge. Satirists delighted in the absurdities of high fashion, although we are warned not to take Rowlandson's and Hogarth's gibes too literally.

hair growth by smearing on bear grease. A receding hairline was no longer an advantage because it spared one from having to pluck away to achieve a noble brow. Instead a lone neck helped the dandy to peer out haughtily above his high stock collar.

Oration ovation

Records

ONE THING that the long cold spring has produced is a fine crop of Spoken Word cassettes. I have been listening to some excellent whodmists, the first three of which come from Chivers Audio Books. Ruth Rendell's *An Unkindness of Ravens* (CAB 151, 6 cassettes) is right up to date (the book has only just gone into paperback) and very chilling. Detective Inspector Wexford is faced with "wimmin" and some fashionably cultist gobs, but also with some sadly de-natured lives. His humane approach is well caught in Michael Bryant's unobtrusive, expert and totally enjoyable reading.

Star crossed

Radio

THE social value of Lesley Davies's *A Personal Affair*, this week's Monday Play on Radio 4, was assessed so highly that it was given a boost on Radio 1. What then were the young encouraged to hear? The tale is a simple one.

Solid silver

Saleroom

ANY COLLECTORS of fine silver with spare cash after the Grosvenor House Fair, now on dazzling show in London, will be at Sotheby's on Thursday for the best silver auction in many months. They will be joined by the top dealers, anxious to restock after the hoped-for Grosvenor sellout, and the modest catalogue estimates seem certain to be exceeded.

Riddle in the cellar

A WINE auction that was a rollcall of famous pre-phyloxera and post-phyloxera claret vintages held by Christie's in London on Thursday. The source was the private reserve cellar of a chateau described in the catalogue as "one of the best known" in Bordeaux, and can only have been one of two: Mouton-Rothschild or Latite, and the indications are that it was the latter, if only because there was not a single bottle of Latite in the sale of over 600 bottles.

Star crossed

Radio

extracted from it its intended moral. What took place was what does take place: Lyn's precautions, baldly described, are well known to the young. Will the seduces of a particular case induce any reluctance among young people to propose the right true end of love?

Riddle in the cellar

A WINE auction that was a rollcall of famous pre-phyloxera and post-phyloxera claret vintages held by Christie's in London on Thursday. The source was the private reserve cellar of a chateau described in the catalogue as "one of the best known" in Bordeaux, and can only have been one of two: Mouton-Rothschild or Latite, and the indications are that it was the latter, if only because there was not a single bottle of Latite in the sale of over 600 bottles.

So with its solid provanance, and the marks of the great makers, the first-quality silver should raise the confidence of the market. If anyone finches

above estimate, there is an afternoon session with plenty of the run-of-the-mill silver—Georgian coffee pots; Victorian candelabra, and so on—scarcely changed in price in the past five years. The bottom of the market has probably declined in value. The fact remains that it is still much cheaper to acquire good antique silver than similar reproduction contemporary items from the leading department stores.

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feature of this auction is the excellent provenance of the many of the top items: the occasional piece has been "improvised" with an impressive

This week the main London dealers made sure that they had a representative in New York bidding at Sotheby's Thursday auction there. The fall in the dollar has made prices in the US attractive, and pieces are crossing the Atlantic only to be quickly repatriated

Edmund Penning-Rowse

WEEKEND FT

John Barrett looks at the prospects for one of world tennis's superstars

IN TENNIS, as in life, there is a gulf between promise and fulfillment that is difficult to bridge. It is in the struggle to construct that bridge that character is developed, technique is refined and the maturing process takes place which, in a few rare cases, produces a champion.

Seeing Boris Becker in action on grass again at the Stella Artois tournament at Queen's Club this week, it occurred to me that here was a player who had crossed the bridge too soon. After winning magnificently at Queen's and Wimbledon last year at the age of 17, he has spent a year manfully tackling the more difficult task of filling in the gaps of experience and technique while carrying the champion's burden. It has not been an easy task as the inevitable defeats against lesser-ranked players have indicated.

The immensity of Boris's achievement last year is put into perspective by the career of Rod Laver, arguably the greatest champion the game has ever seen. I remember him so well as an angular 17-year-old in 1956 playing his first Wimbledon and falling away at the ball as if trying to hit even harder than the muscular number one seed, Lou Reed. Rod lost in the first round in straight sets to the tall Italian, Orlando Sirola, and later in the year won the US junior title, the last overseas player to do so before it was closed to foreigners.

Two years later, in 1958, Laver, now a strapping 19-year-old, won two rounds at Wimbledon before losing to Jaroslav Drobný in three sets. In 1959 and 1960 he reached the final and lost respectively to Alex Olmedo and Neal Fraser. Then at last in 1961 he beat Chuck McKinley to win the first of four titles he would claim, two as an amateur (1961, 1962) and two in the first years of open tennis (1968, 1969).

Success had finally been achieved after a long and hard apprenticeship under the experienced eye of the late Harry Hopman. By 1961 Rod had become the complete player—a versatile shot-maker and an experienced match player who acquired an aura of invincibility.

Becker, on the other hand, has had fame and fortune thrust upon him as the result of three glorious weeks last summer. He has remained remarkably balanced and unsmiling amid the intense pressures on every facet of his life ever since.

Even that other youthful



More inspired than intimidated by pressure

Becker—a view from the bridge

prodigy. Bjorn Borg, did not suffer the same pressures. For his progress, like Laver's, was slower. Having won the Wimbledon junior event in 1972 aged 16, Bjorn reached the quarter-finals in 1973 (the ATP boycott year), lost to El Shafei in the third round in 1974 after winning his first French Open, and was a quarter-finalist again in 1975 before winning the first of five consecutive titles in 1976 aged 20.

So where does Becker stand now? Was Wimbledon 1985 a flash in the pan or are we seeing the emergence of another great talent? I tend to the latter view. Certainly, Boris was lucky not to have faced Lendl, Connors or McEnroe last year but he was severely tested nevertheless on several occasions—against Nyström who twice served for the match in the third round, Mayotte who was two points from victory against Jarrod who won the first set of the semi-finals and against Curran in the final, who failed to win the vital third set tie-break.

Whether Boris wins a second Wimbledon title or not, I happen to believe that he is the best fast court player in the world just now apart from McEnroe, whose long self-imposed exile will diminish his

chances of returning to the top. Thus Boris should win again. Far from being intimidated by the atmosphere and pressure I believe he will be inspired by it.

Provided that he stays clear of serious injury, which given the way he dives for his volleys is always possible, and provided he escapes national service in Germany, which would also seriously hinder his career, we may well see another champion to rank among the greatest of all.

Certainly, nobody has ever served better, few have volleyed with more inspiration, and not many have found the secret of taking the ball early with top spin on his returns of serve as Becker regularly does.

The only real flaw lies in his court coverage and general movement. But given physical maturity in a year or two and carefully prepared training, this aspect of his game should improve markedly. We all hope that Becker's great rivalry with the only other young fast court player of class, Stefan Edberg of Sweden, will develop into the sort of struggle for supremacy that made the meeting between Borg and McEnroe, McEnroe and Lendl, Connors and all three, so memorable over the past decade.

Just like the real Open

Ben Wright reports from a glorious links on Long Island

IT WAS with a splendid sense of irony that the 86th US Open Golf Championship opened on Thursday at Shinnecock Hills Golf Club in Southampton, Long Island in weather entirely reminiscent of our own Open Championship. From dawn to dusk the wind gusted from the north-east and an unfamiliar direction, at speeds of upwards of 30 mph and the rain lashed down. Play was suspended at lunch time and the round was not completed when darkness fell.

The choice of this magnificent golf course is entirely an illogical one. In that it is set on a narrow spit of land 102 miles east of New York City and can only be reached by a two lane road. The local hotels are mainly terrible, and few and far between, and they seize the opportunity to hold up everyone concerned to ransom.

Nevertheless, Frank Hannigan, the journalist who has become executive director of the United States Golf Association, waged a personal crusade for years to bring the championship to Long Island. He believed the world should see what a glorious course and what a magnificent test of golf it is in spite of shortness at 6,912 yards par 70.

The US Open was last played here in 1896 when there were fewer than 20 competitors and the event was played over 36 holes with a field of less than 20, all but two expatriate Scottish professionals. The Scots tried to stage a strike when it was announced that a greenkeeper John Shippen, and a caddy Oscar Bunn, both black, were going to play. The Scots refused to play if the blacks teed up. But the situation was quickly resolved when the newly formed USGA announced that if the Scots were not prepared to play then the two blacks alone would compete for the championship.

What a far cry it was from those dark ages when 156 golfers teed up on Thursday. The foreign challenge is now taken for granted in any world class event and it was quickly in evidence when Greg Norman, of Australia, brought in a ood

over par 71 to quickly follow the 70 scored by Bob Tway, who won last week's tournament at nearby Westchester, New York. Norman was quick to say that no one could possibly beat Tway's score, and he was entirely correct.

But it is significant that on this brute of a day we soon had a pedigree leader board since Norman and Tway are the leading money winners on the US tour, and lurking close behind them are the two Watsons, Tom and Al, and the American and Denis from Zimbabwe, at 72 alongside the South African champion David Frost. All but Tway have learned their golf in Europe.

Also lurking handily are West Germany's Bernhard Langer, Craig Stadler, and Tom Kite at 74.

I left the scene long before the end of the proceedings at which stage both Jack Nicklaus and Seve Ballesteros were struggling in the latter stages of their rounds at 5 over par and Open Champion Sandy Lyle, had already hung a millstone round his neck with a 78, the defending champion Andy North had scored 70, and a previous winner on the US tour Jack Ranner had posted an 85 and immediately withdrawn. Jerry Pate, the 1976 champion, scored double bogey six at the third hole and an eight at the par four and walked in, claiming victory, but I sense it was severely wounded pride.

Tway is a magnificent athlete 6 ft 4 in tall, and he could be the next superstar to take on Nicklaus's mantle since at 27 and in his third season he has already won twice here this year. The newly crowned British Masters champion Ballesteros, Lyle and Lee Trevino were whisked away from Woburn on Sunday evening, by British Airways Concorde so that they were able to be at the course the same evening. Because of his tangled situation with the American tax authorities, Langer had to wait until Monday to travel the same supersonic route.

But he is more confident than I have ever known him. He told me: "I may not be the best golfer in the world but I think I am." He was deadly serious and I am inclined to believe him. I am sure he will not be far away at the finish.

If I had to put my money down now I could not look any further than Tway, Norman and Langer. But all those who scored 75 or better on Thursday are still in with a chance.



Decline of the British umpire

As Gower goes and Gatting succeeds... Teresa McLean looks at the history of our summer game

"UMPIRES" said the Rev. David Sheppard 20 years ago, "do the job because of their lust for power." I suppose it might be true, but if so it is an obscure lust. The power is momentary although crucial: the criticism is remorseless. A much more likely reason is love of cricket, and it has to be a strong enough love to make the penalties of umpiring worthwhile. In Hutton's tour to the West Indies in 1952-53, one West Indian umpire had his wife and family threatened because the crowd disliked his decisions.

However, that sort of thing is rare nowadays. Most people expect umpiring to be impartial. We are far more proper than we were in the past when the pressures on umpires were so partisan that fairness was reckoned an aberration, not a virtue.

Until 1892, there were no MCC instructions to umpires and the best you could hope to do in local matches was get away without causing an open riot or suffering injury. On the rare occasions when matches

had able and impartial umpires. It was often physically impossible to get decisions enforced. On August 29, 1858, the Sheffield Mercury gave this blunt report on the previous day's game between Nottinghamshire and Sheffield:

"The umpires declared they could not give him out but several of the Nottingham players, headed by Denis, declared that they would leave the field if he did not go out. The umpires at length gave way to the clamours of the Nottingham players, and thus they had one whom they dreaded out of the way. Nottingham won by 15."

Will pressure from players, crowds, bookies and people betting on games, it is easy to see why there was a widespread away from being an umpire. There was no pay until the late 1800s. You could try to win something yourself because, even when umpires were forbidden to bet in 1835, there was no efficient way to stop them other than music power, terror or bigger bribes. The tensions were appalling and you find traces of them reflected in every angle of the game. When all else failed, there was simple violence. In 1833, the scorer at an important match in Yorkshire entered the top Sheffield player on the card as "given out by the umpire."

Even by the end of the century, when umpiring was super-

vised more closely with sets of advice and instructions, the strains in local matches still caused early retirements.

On August 29, 1858, the umpire of a match between Richmond and Ruigat adjured the last Richmond batsman run out. The Richmond players were enraged that they appeared in the crowd to seize the umpire and throw him in the river, which it would have done had not the umpire's friends proved stronger.

By comparison, the discomforts of modern umpires—baracking, judgment by television newspapers—are trivial. The pressures are no longer physically violent.

George Farr, an England player in the 1840s and 50s, then manager of the all-England team, took the urbane approach to dealing with umpires. His instructions to Young Cricketers included: "Be sure not to forget to pay a little attention to the umpire. First of all enquire after his health, then say what a fine player his father was and, finally, present him with a brace of birds or rabbit. This will give you confidence, and you will probably do well." In matches between rich patrons' teams, the umpires were usually gentlemen because they were reckoned to be less likely to succumb to bribery. One of the first conditions for the 1818 England v. Nottingham was that the umpires be genteel men.

Umpiring today is a water course, a remnant of what once was. Dicky Bird as media umpire, which cricket purists lament much is a return to the rough old days of character umpire with extravagant public images. One such was Will Caldecott, the great Victorian, who wore a top hat and stood in Napoleonic pose with his arm tucked inside his waistcoat. He so despised the law that he refused to be such appeals with cricketers. "Bow'em out! Bow'em out!"

Most modern umpires are sh of publicly and belong to the century's tradition of quiet efficiency; the less you remember about an umpire, the better he is. Sid Buller, who died when rain stopped play a match between Nottingham and Warwickshire in 1969, was a epitome of this tradition, it model of umpiring amidst. There are plenty of Bulls around. They are the product of an ever-growing body of cricket law and the demise of cricket gambling.

Now, we expect our umpire to be fair and we do not expect them to buy and sell matches. We expect them to enforce the laws. A cricket team today has nothing to which to compete except the opposing team and the wealth

F.T. CROSSWORD PUZZLE No. 6,047

Crossword puzzle grid with numbered squares and some letters filled in.

Prizes of £10 each for the first five correct solutions opened. Solutions in a received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4A 3DF. Solution next Saturday.

- ACROSS
1 Betting prices in this place, the ring (6)
4 Wherein to keep trophy presented to the directors? (8)
9 Air heaten carpets right away (8)
10 Number of drugs? (8)
12 After wrong act, I go round tight-lipped (8)
13 (G) not quite in the saddle? (16)
15 Check shover, say (4)
16 Striker, perhaps, or one back at work? (10)
19 Performers in it are not necessarily on the backs of others (4+8)
20 Eadlessly refuse the dyke-builder (4)
23 Result of being routed another way (6)
25 Opera-house wit and rascal (8)
27 Punishments for taking large amounts (8)
28 Hardy companion in bay (16)
29 Ridgepole as platform for 19 darts? (4+4)
30 Lines towards French points (6)

Down crossword puzzle clues and a grid with some letters filled in.

- DOWN
1 Demolish second mad party-member (7)
2 Pecksniff or type choir employer (9)
3 Rehearse to do one's part-piece (6)
4 Slate of a but that is tumble-down (4)
6 Subordinate position of driving instructor? (4, 4)
7 Bill Hill can have hard lines sometimes (5)
8 Half-made scrumpy should settle the issue (7)
11 Merry Wild around our

SOLUTION AND WINNERS OF PUZZLE NO. 6,041

Grid showing the solution for puzzle 6,041 with letters filled in.

Mrs M. Humby, King's Lynn, Norfolk.
Mrs J. Jarvis, Stamford, Lincs.
Mr C. A. King, Claygate, Surrey.
Mr R. A. M. Smith, London.

SATURDAY

Television and radio programme listings for Saturday, including BBC 1, BBC 2, Channel 4, and various regional channels.

SUNDAY

Television and radio programme listings for Sunday, including BBC 1, BBC 2, Channel 4, and various regional channels.

TELEVISION AND RADIO

Television and radio programme listings for Saturday and Sunday, including BBC 1, BBC 2, Channel 4, and various regional channels.

Television and radio programme listings for Saturday and Sunday, including BBC 1, BBC 2, Channel 4, and various regional channels.

Bob Marley in Caribbean Nights: BBC 2, 8.50 pm.